

1 EXECUTIVE COMMITTEE MEETING - S. 643, TO IMPLEMENT THE
2 AGREEMENT ESTABLISHING A U.S.-JORDAN FREE TRADE AREA; AN
3 ORIGINAL COMMITTEE RESOLUTION CALLING FOR AN
4 INVESTIGATION OF THE IMPORTATION OF CERTAIN STEEL
5 PRODUCTS
6 THURSDAY, JULY 26, 2001
7 U.S. Senate,
8 Committee on Finance,
9 Washington, DC.

10 The meeting was convened, pursuant to notice, at
11 10:25 a.m., in room 215, Dirksen Senate Office Building,
12 Hon. Max Baucus (chairman of the committee) presiding.

13 Present: Senators Rockefeller, Conrad, Graham,
14 Kerry, Torricelli, Lincoln, Grassley, Hatch, Nickles,
15 Gramm, Thompson, and Snowe.

16 Also present: John Angell, Democratic Staff
17 Director; Michael Evans, Chief Counsel/Deputy Staff
18 Director; Kolan Davis, Republican Staff Director and
19 Chief Counsel; Carla Martin, Chief Clerk.

20 Also present: John Veroneau, Assistant U.S. Trade
21 Representative; Grant Aldonas, Under Secretary of
22 Commerce; Greg Mastel, Chief International Trade Counsel,
23 Chief Economist; and Richard Chriss, International Trade
24 Counsel.

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1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM
2 MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

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The Chairman. The committee will come to order.

This is a resumption of the mark-up on July 17th. To recap, we approved a reorganization of the committee, approved five nominations, and approved the trade agreement with Vietnam.

We also completed consideration of amendments on two additional matters, the steel resolution and legislation implementing the U.S.-Jordan Free Trade Agreement.

We, however, at that time did not have the quorum necessary to report out those measures, and that is the purpose of today's meeting.

Before I turn to the pending business, let me ask Senator Grassley if he has a statement he would like to make.

1 OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S.
2 SENATOR FROM IOWA

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4 Senator Grassley. Well, from the debate of last
5 week, it was clear that some members of the committee
6 were concerned about the environment and labor provisions
7 in the Jordan Free Trade Agreement and the dispute
8 settlement mechanism which would enforce those
9 provisions.

10 I would note today that, since last week, there has
11 been some development in this area. On July 23rd, the
12 administration and the Kingdom of Jordan exchanged
13 letters which helped to clarify that neither party
14 intends to apply these provisions in a manner that blocks
15 trade.

16 This is a very important development. After all, the
17 purpose of a free trade agreement is to facilitate trade.
18 While the communication with Jordan may not resolve every
19 Senator's concern with the agreement, I think this is a
20 very important step.

21 Since last week, Senator Baucus and I have talked
22 several times about the Jordan Free Trade Agreement.
23 From those conversations, I deeply appreciate how
24 important it is for Chairman Baucus to have my support in
25 moving the Jordan agreement out of the Finance Committee.

1 Furthermore, passing the Jordan Free Trade Agreement
2 is an important foreign policy priority of this
3 administration and its passage, of course, is important
4 to continued working relationships with the Kingdom of
5 Jordan. So, with all of these goals in mind, I am going
6 to support moving this agreement to the floor today.

7 I would want to mention one other point. Last week's
8 mark-up highlighted some strong disappointments from some
9 members over what was not on the agenda, trade promotion
10 authority.

11 It is my strong desire to work with the Chairman to
12 craft a very strong bipartisan, meaningful trade
13 promotion authority bill in the very near future. I am
14 glad to see that Senator Baucus put his concepts out for
15 public discussion yesterday.

16 Now, this may not satisfy a lot of Republicans, but
17 the important thing is, the debate is under way. It is
18 very important to have every legislative leader engaged
19 in this debate.

20 Trade promotion authority is key to the President's
21 ability to open new markets. Its most effective way, is
22 to increase profitability for agriculture for those of us
23 from agricultural States.

24 So, I look forward to continuing our work on
25 international trade issues and hope we can achieve some

1 real progress this year, particularly on passing trade
2 promotion authority.

3 Thank you, Mr. Chairman.

4 The Chairman. Thank you, Senator Grassley.

5 Does anybody seek recognition? Senator Gramm?

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1 OPENING STATEMENT OF HON. PHIL GRAMM, A U.S. SENATOR FROM
2 TEXAS

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4 Senator Gramm. Mr. Chairman, let me say that I am
5 not going to try to instruct the committee in passing the
6 Jordanian Free Trade Agreement out. I am in favor of a
7 free trade agreement between the United States and
8 Jordan.

9 I do believe there is a fundamentally unanswered
10 question about the labor and environmental provisions
11 having to do with where the enforcement mechanism comes
12 from, and who makes the judgment.

13 I think this is a profoundly important issue that we
14 are going to have to come to grips with, whether we like
15 it or not, because it is not only an issue in this
16 relatively insignificant trade agreement in terms of the
17 value of products bought and sold between the United
18 States and Jordan, but it is a critically important
19 ingredient in any fast track authority.

20 The question that we are going to have to answer,
21 whether we want to or not, is are we willing to put in
22 the hands of an international dispute resolution
23 mechanism, and ultimately as these types of agreements
24 become built into the fabric of GATT, into an
25 international organization, the ability to make a

1 determination as to whether the United States of America
2 is in violation of a trade agreement and, therefore,
3 subject to retaliation because, under the Clean Air Act,
4 we have granted an exemption to Little Rock, Arkansas or
5 Houston, Texas? Are we willing to have a third party
6 make that decision?

7 Second, are we willing to have an international
8 dispute resolution commission or, ultimately, an
9 international commission like the World Trade
10 Organization make a determination as to whether we
11 violated trade agreements when we opened Anwar, for
12 example, or when we repealed Davis-Bacon?

13 I think we ultimately run into a real question here
14 concerning sovereignty. I think that we are fooling
15 ourselves if we do not think this has to be addressed. I
16 think it has to be addressed.

17 I would have to say, and I am not trying to be
18 critical of my own people, so to speak, but I think the
19 letters that we received from our Trade Representative
20 and from the Ambassador from Jordan in no way address
21 these issues.

22 I do not know whether they are comical or insulting,
23 but they are in no way binding. They simply say, we do
24 not intend. Well, how many people who enter into a
25 transaction intend to be in a dispute?

1 I guess I am sitting next to a distinguished
2 prosecutor and lawyer. How many people did he ever
3 prosecute or ever defend intended to get into a dispute?
4 The do not intend to do it, but they do it.

5 So I do not think that in any way deals with the
6 problem. So I am not going to try to delay the bill. I
7 have got to go to a meeting on enforcing NAFTA.

8 But let me make the point that I am going to object
9 to bringing this bill to the floor. It is subject to
10 amendment on the floor as a revenue bill. There are a
11 lot of revenue issues I want to vote on, including making
12 the tax cut permanent.

13 So, I just want to say to the administration and to
14 the people who support the bill, I am for free trade with
15 Jordan, but I am not for determinations by third parties
16 about whether or not the Congress is doing its job in
17 making the laws, or whether the executive branch is doing
18 its job in enforcing and interpreting the laws. I think
19 it is a very big issue.

20 Let me also say, since I may not be here when we vote
21 on it, I am opposed to the provision we will be voting on
22 on steel. First of all, I do not know that there is
23 evidence of dumping the way we define the provisions of
24 law.

25 I think there are very real problems, and I am

1 concerned about it. But I am not in support of either
2 that resolution or the Jordanian Free Trade Agreement as
3 it is now written.

4 I want to thank the Chair for his patience.

5 The Chairman. Any other comments? Senator Graham?

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1 OPENING STATEMENT OF HON. BOB GRAHAM, A U.S. SENATOR FROM
2 FLORIDA

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4 Senator Graham. I want to thank you very much, Mr.
5 Chairman, for getting us back together so we can complete
6 last week's business.

7 There was one item on last week's agenda having to do
8 with the TANF supplemental grants which expire later this
9 year and will have a serious effect on the ability of 17
10 States to complete their Welfare to Work obligations.

11 I would hope that, before we break for the August
12 recess, we could get back to that issue and complete that
13 item off our last week's agenda.

14 The Chairman. I appreciate that. I note the
15 presence of 11 Senators. The rules require 11 Senators
16 to report out any resolutions or any legislation. We
17 have the Jordan agreement, we have the steel ITC
18 resolution.

19 I have some comments I would make in response to the
20 Senator from Texas. I do not think we really have the
21 time, and I do not want to impose upon Senators'
22 schedules.

23 Senator Thompson. Mr. Chairman, I suggest that
24 perhaps we might want to vote and, if the Chairman would
25 allow some of us to just make a couple of comments after

1 the vote, that would satisfy me.

2 The Chairman. We have lost a Senator. We think we
3 can find a Senator. [Laughter] We think that he is not
4 very far away, that he can come. Anyway, we have 10 and
5 we need 11. So, pending the arrival of the eleventh, we
6 are going to have to indulge the arrival of the eleventh
7 and open it up for discussion.

8 On the agenda, first, is the Jordan FTA. Does
9 anybody want to comment on the Jordan FTA?

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1 OPENING STATEMENT OF HON. FRED THOMPSON, A U.S. SENATOR
2 FROM TENNESSEE

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4 Senator Thompson. I want to express my support or
5 the agreement. I think it is important. I think it is
6 important from a broader, non-trade standpoint and we
7 ought to get it done.

8 I am not concerned about the provisions concerning
9 labor and environment with regard to this particular
10 agreement. I do not think it means much, frankly. The
11 language that we are dealing with here "strive to
12 ensure," determining what that is, what is an
13 "encouragement for trade," and "recurring courses of
14 action."

15 If there is any standard of proof at all applied to
16 this, this is something that is never going to happen. I
17 do not think we have a great deal to worry about. The
18 country of Jordan is taking us to task on these issues.

19 But, also, I would point out, of course, that the
20 dispute resolution has to do with parties that we
21 establish under this agreement. Considering what we have
22 already agreed to, I do think the letters are a step in
23 the right direction.

24 So, I am not that concerned about what the effect of
25 this particular agreement is going to be with regard to

1 the bilateral relationship between these two countries.

2 What I do want to take note of, though, is my concern
3 that this is the beginning of a process that is going to
4 wind up someplace that we should not go. It has to do,
5 of course, with trade promotion authority.

6 I think that there is a substantial effort now to
7 move toward the international labor standards. I think
8 that you, in your recent submission, Mr. Chairman, set
9 those out as objectives.

10 I think that this is the first of moving toward those
11 objectives as a part of trade promotion authority when we
12 know for sure that these underdeveloped nations are not
13 going to agree to those kinds of things.

14 I just want to take note of the fact that I, at
15 least, am aware that this is the camel's nose under the
16 tent, what we are doing here today. I think it is
17 something we have got to do. It would be
18 counterproductive to back off of it now.

19 But if we proceed down this road with the ILO
20 standards, other people are going to want to interject
21 religious standards, other people are going to want to
22 interject proliferation standards, all of which,
23 arguably--certainly the proliferation part--will have to
24 do with trade. You can make anything relevant to trade
25 if you want to.

1 So I make that note. I hope that I am wrong. I hope
2 that we can move with trade promotion authority and make
3 it a trade issue, which is the only basis for these
4 underdeveloped countries having the economic resources to
5 make any progress on these environmental issues.

6 I hope that this is not just the beginning of a move
7 in that direction in an attempt to defeat trade promotion
8 authority or an attempt to lay the groundwork for the
9 increasing push toward international standards that we
10 know will not be agreed to by these nations that need
11 trade more than anyone. So, with that, I will support
12 the motion today. Thank you, Mr. Chairman.

13 The Chairman. Senator Nickles?

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1 OPENING STATEMENT OF HON. DON NICKLES, A U.S. SENATOR
2 FROM OKLAHOMA

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4 Senator Nickles. Mr. Chairman, I would just align
5 myself with the remarks made by Senator Thompson and
6 Senator Graham on Jordan. I also want to thank Senator
7 Graham for his comments on TANF. I would hope, and ask
8 the Chairman, to work with us and schedule a hearing on
9 the upper payment limit, if you would.

10 I think there are some real abuses there. I also
11 think we are going to be looking for some money, and I do
12 think there are some important reforms that can, could,
13 and should be made in the upper payment Medicaid abuses
14 that are going on.

15 I will work with our colleagues to see if we cannot
16 get that done in conjunction with the TANF extension that
17 Senator Graham and some others are seeking.

18 I also very much share the concern of Senator Gramm.
19 It is amazing to me on Jordan, where you have this long
20 trade agreement for \$400 million worth of trade and
21 extensive environmental and labor protections, and then
22 we get a letter from both parties saying, we are never
23 going to use them. This is overkill from the previous
24 administration, and we are continuing that. I think that
25 is a mistake.

1 I can easily tell that people are trying to make this
2 a basis to go forward with trade promotion authority.
3 There is a lot of mischief that could be dealt with the
4 dispute resolution mechanism, and I am concerned about
5 that. I am not going to block the vote.

6 I do need to leave. I would like to be recorded as a
7 "no" vote on both issues.

8 The Chairman. I might say to the Senator from
9 Oklahoma, we need 11 Senators to report out. Very
10 briefly, so we can report this out.

11 Senator Hatch. Mr. Chairman, let me just say this.
12 I will put my statement in the record. I am going to
13 support this for various reasons, but I will put the
14 statement in the record so that we can vote.

15 [The prepared statement of Senator Hatch appears in
16 the appendix.]

17 The Chairman. The Senator from Massachusetts.

18 Senator Kerry. Mr. Chairman, I know you want to
19 have the vote. I did want to make a comment,
20 particularly in response to the comments of the Senator
21 from Tennessee. But, perhaps, do you want to have a
22 vote? Then I would be happy to comment after.

23 The Chairman. That is the plan. That is the plan.

24 Senator Kerry. If I could be recognized after the
25 vote, I would like to make some comments about where we

1 are.

2 The Chairman. All right.

3 Senator Kerry. We have the number, do we not?

4 The Chairman. All right. The Chair will entertain
5 a motion to report out the Jordan trade agreement.

6 Senator Rockefeller. So moved.

7 Senator Kerry. Second.

8 The Chairman. It has been moved and seconded. All
9 those in favor, say aye.

10 [A chorus of ayes]

11 The Chairman. Those opposed, no.

12 Senator Nickles. No.

13 The Chairman. The ayes have it. The resolution is
14 reported.

15 The second item on the agenda is the steel
16 resolution. I will turn to Senator Rockefeller.

17 Senator Kerry. Well, Mr. Chairman, having voted, I
18 wanted to comment.

19 The Chairman. We have got to continue with any
20 action before we can talk.

21 Senator Rockefeller. Well, Mr. Chairman, I would
22 just put my statement in the record. We had 7 for this
23 last time and we need 11. We have 11 here now. It
24 complements and is virtually identical to the
25 administration's. We are co-equal in 201 authority with

1 the White House. We are exercising it, it supports what
2 the administration is doing, it is needed.

3 [The prepared statement of Senator Rockefeller
4 appears in the appendix.].

5 Senator Hatch. Mr. Chairman, I am pleased that the
6 committee is doing this. I want to compliment Senator
7 Rockefeller.

8 The Chairman. Any other comments on the Section 201
9 resolution?

10 Senator Grassley. I will move its adoption.

11 Senator Rockefeller. Second.

12 The Chairman. All those in favor, say aye.

13 [A chorus of ayes]

14 The Chairman. Those opposed, no.

15 Senator Thompson. No.

16 The Chairman. The resolution is adopted. All
17 right.

18 The Chair now recognizes Senators who wish to make
19 statements. I might say, the attendance of Senators to
20 make this quorum is appreciated, and it is noted. It is
21 also noted who was unable to make the quorum today. We
22 have business to conduct and it is important that
23 Senators are present to conduct business when we conduct
24 business.

25 The Chair recognizes the Senator from Massachusetts.

1 OPENING STATEMENT OF HON. JOHN F. KERRY, A U.S. SENATOR
2 FROM MASSACHUSETTS

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4 Senator Kerry. Mr. Chairman, I will be very brief.
5 I just wanted to say, this committee is obviously going
6 to play a profoundly important role on the question of
7 how we proceed on what is now called trade promotion
8 authority, but which is the same old fast track routine.
9 We change the names, but we do not seem to change the
10 political dynamics or the equation.

11 I say to the Senator from Tennessee, I completely
12 understand and I am somewhat sympathetic with the fears
13 and concerns that he expresses. But it seems to me that
14 that is part of what is creating a dynamic where we are
15 talking past each other in this process and acting
16 outside of a genuine process by which you change the
17 political dynamics here.

18 The trade promotion authority, which I voted for--I
19 have been the only member of the Massachusetts delegation
20 who voted last time or stood by the concept of fast
21 track, and it is with a lot of heat, a lot of pressure,
22 and some backlash from certain places where you pay a
23 price on that.

24 What I have seen over the last 10 or 15 years is an
25 increasing diminution globally in the support or the

1 consensus that has existed about trade and its benefits.
2 I think that is manifesting itself increasingly, whether
3 it is in Genoa or the streets of Seattle.

4 We are beginning to see people increasingly, in many
5 countries, and political leaders in many countries who
6 have been our partners in the efforts to engage in trade,
7 are beginning to question what the down sides mean to
8 them, politically, and their countries.

9 So when you have something like labor standards or
10 environmental questions that have been raised
11 significantly over the years, the usual response of
12 people involved in this debate is, oh, let us do the ILO
13 standards, or let us do something, but we will do it on a
14 separate track. Or let us make sure that people live up
15 to some environmental standards, but we will do it on a
16 separate track.

17 The problem is, the separate tracks never appear.
18 They never materialize. So, countries see big
19 corporations coming in, a lot of people making money in
20 certain places, usually not their country or not them,
21 and they see their environment degraded and they see
22 labor exploitations that they begin to respond to.

23 I think that we all who support the concept of trade
24 are courting disaster ultimately as politicians in other
25 countries begin to sense the way the winds are blowing

1 and begin to respond to the felt needs of their people,
2 who increasingly are angry about a sense that
3 globalization is not working for them, and technology is
4 not working for them.

5 So I think we are going to have to do a better job of
6 making certain, if they are going to talk side track,
7 that there is a side track and that it is meaningful. Or
8 if we are going to talk about environmental standards and
9 "all boats being lifted," that we are watching those
10 boats be lifted rather than drowned, sunk, or stranded.

11 I think that this is an urgent problem for all of us.
12 I think this is not a sort of political issue, Democrat
13 or Republican. I think it is a question of whether the
14 wave of democratization and market economization that has
15 taken place all across the planet is going to continue
16 effectively and as rapidly as we would like it, and
17 whether the markets are going to open for us as rapidly
18 as we would like it.

19 Unless we find more meaningful responses to these
20 other ways, you can no longer tarry the debate by simply
21 saying, these have a better place somewhere else when
22 there is, in effect, no somewhere else.

23 So, Mr. Chairman, the Global Environmental Fund, for
24 instance. The concept in the U.N. was, we are going to
25 have this funding of the transfer of technology and

1 technical assistance to help countries to have clean coal
2 technology, or clean burning, or clean fuel plants, or
3 alternative energy.

4 We would not even parry up almost \$12 million.
5 Twelve million dollars, we had to struggle for out of the
6 United States Congress last year. And a whole bunch of
7 people on the other side of the aisle who loved trade
8 wanted to cut that money because they did not want to do
9 anything for a global environmental facility.

10 Now, you cannot have it both ways. I think this
11 committee has got to show some leadership and some effort
12 to try to guarantee that we are going to be serious about
13 creating those second tracks if we expect to have fast
14 track authority.

15 Now, with respect to fast track authority,
16 historically, in the Uruguay Round and the other rounds,
17 it was well down the road of negotiations before the
18 President gained the authority. There is no urgency or
19 need in the initial parrying and thrusting of the
20 negotiations to absolutely have that authority.

21 So, no one can sell the argument that you are not
22 going to be able to move forward here on these
23 negotiations immediately. I think we have got time to
24 develop a response that is, frankly, more effective than
25 what we put on the table to date.

1 Now, I understand, it is not ideal to have them
2 linked, necessarily. But I think the linkage is moving
3 more and more strongly onto the center stage because of
4 the lack of any genuine efforts in other arenas.

5 Senator Thompson. Mr. Chairman, could I briefly
6 respond?

7 The Chairman. Yes.

8 Senator Thompson. First of all, I appreciate the
9 comments of Senator Kerry. I think we are all talking
10 about what we can do most effectively to promote
11 international trade. I would also assume we would all
12 agree that the United States should take the leadership
13 role and maintain the leadership role.

14 My concern is not that the concept of international
15 trade has fallen on hard times. We all take note of the
16 demonstrations that have taken place in a couple of
17 places recently. But it looks to me like, whether you
18 look at the Economic Union, what is going on in Latin
19 America and other places, that trade and the concept of
20 the benefits of free trade are flourishing.

21 The Chinese see that, even at the risk of opening up
22 their society somewhat. They know that that is their
23 only way for economic survival, is to take care of the
24 billion plus people that they have got there.

25 It seems to me like the place where free trade is not

1 making the advances it should make, is the United States.
2 That is my concern. We, of all countries, are not doing
3 all that we can.

4 We are a part of what, two international trade
5 agreements? Two out of 130 something. I do not know.
6 We are part of two. We are lagging behind. My concern
7 is that trade promotion authority is going to be a part
8 of that again.

9 So, while I can see that we should not be afraid to
10 discuss what we can do to make our agreements better and
11 more palatable, on the one hand. We need to understand
12 that if we are interested in free trade, if we are
13 interested in helping ourselves and other underdeveloped
14 countries, we cannot lag behind everyone else while we
15 argue over the details of basic trade agreements. That
16 is my concern.

17 Senator Kerry. But I do not think we have to. If I
18 could just respond, Mr. Chairman. We do not have to lag.
19 I am not suggesting we do lag. That is precisely the
20 point I made. I think we can engage robustly and I think
21 we can do a better job of marketing the up sides of
22 benefits of the trading regime, personally.

23 But, at the same time, let me say to my friend, for
24 the last years, I have attended these sessions with a
25 number of international leaders who get together to talk

1 about the impacts of these, and I listen to them.

2 I will tell you, the great struggle for a lot of
3 finance ministers, trade ministers, foreign ministers,
4 prime ministers, and various countries around the world
5 right now, and they are wrestling with this, is, yes,
6 they want to trade, yes, they want to move and open up.

7 Even the Chinese are wrestling with this now, which
8 is, what are the implications in terms of their culture,
9 their society, and their politics?

10 Senator Thompson. They are moving forward.

11 Senator Kerry. Well, they sense that moving
12 forward-----

13 The Chairman. Other Senators are seeking to jump
14 into this.

15 Senator Kerry. But may I say to my friend, I think
16 the politics of this are just more complicated. I think
17 they are going to grow more complicated unless we have a
18 broader response on those side tracks.

19 The Chairman. Senator Grassley?

20 Senator Grassley. It has been 10 years since we
21 have had trade promotion authority. I think Seattle fell
22 apart because of a lack of leadership. Time erodes, or
23 time is eroding, the 50 years of leadership that the
24 United States has shown in this area.

25 I think time is running out if we want to reassert

1 the leadership. If we do not do trade promotion
2 authority this year, I do not know when we will get it
3 done.

4 I had a question. Well, it is really asking for a
5 comment, I think, from Secretary Aldonas. I want to
6 reference back, and maybe it is not worth highlighting,
7 but the denigration by a couple of members of this
8 exchange of letters. I want to know if their
9 characterization of it is the way the administration sees
10 this exchange of letters. I mean, one comment was, it
11 was almost comical.

12 Secretary Aldonas. No, Senator Grassley. We take
13 it very seriously. In part, because going into this our
14 goal was to clarify our intent with respect to the
15 enforcement of the agreement, in fact, all provisions of
16 the agreement, and that our goal here, particularly with
17 Jordan and given the nature of the relationship, was that
18 we fully intend and expect that we will rely on means
19 other than those that would block trade.

20 The point there, really, is the objective of this
21 agreement, particularly in the region where we have a
22 strong partner like Jordan, is to encourage trade in a
23 more stable environment.

24 To do that, we want to try and use any means
25 necessary to try and avoid something that would undercut

1 the objectives of the agreement, which is liberalizing
2 trade. That is the intent behind the agreement, and we
3 do take it very seriously.

4 Senator Grassley. Thank you.

5 The Chairman. Senator Torricelli?

6 Senator Torricelli. Thank you, Mr. Chairman. I
7 simply want to make the observation that, first, I regret
8 that some of the international criticisms of the U.S.
9 Government, in the current trade debates, are repeated in
10 this Congress because many of those international
11 criticisms do not bear scrutiny.

12 The United States not only began the movement for
13 liberalization of trade 50 years ago, but we have indeed
14 been foremost in practicing that which was promoted. For
15 all the criticism of our European allies about the United
16 States and access to markets, we import more manufactured
17 goods from developing nations than all the European
18 Community combined.

19 From manufactured goods to raw materials, this is the
20 world's most open market. Simply because we have had
21 different definitions of how these goals should be
22 attained does not mean that we are less committed to
23 free, fair, and open markets.

24 We have no peers in creating an open market in the
25 United States. It is the reason for our prosperity. I

1 think the value of Senator Gramm's comments, are that he
2 has identified the actual fault line in American trade
3 policy.

4 If our division was once between protectionism and
5 free trade, it is now simply on the implementation of
6 free trade. Free trade itself is merely a consensus in
7 American politics, but for the fringes.

8 But the fault line, as he has accurately identified,
9 is are our free trade agreements an opportunity or an
10 excuse for evading other national commitments on labor
11 rights and environmental protection?

12 I am not any less committed to free trade because I
13 believe that the right to belong to a labor union or have
14 basic decency standards in a workplace, or exploitation
15 of children, or the protection of the environment, need
16 to also be respected. This is exactly the debate that is
17 taking place on the Senate floor about NAFTA.

18 Members of the Senate are completely committed to the
19 idea of the right to belong to a labor union. There is
20 not a person in the Senate who does not believe we should
21 not have emission controls on trucks

22 Everybody thinks we should have the highest safety
23 standards on trucks. But a third of the institution
24 voted yesterday to allow Mexican trucks to enter the
25 United States, which would abrogate every one of those

1 commitments.

2 This is a question of balance. Almost to the person,
3 we understand the value of free trade for American
4 prosperity. That has not changed, and it is not going to
5 change. But, like any other movement, there can be so
6 much momentum for it that we lose all perspective.

7 What Senator Gramm is talking about is free trade,
8 but often for free trade's sake. I think what this
9 agreement represents--and it may represent a small amount
10 of trade. The Jordan Free Trade Area is not going to
11 principally change our environmental, labor, or trade
12 status. But each of these agreements do set a course and
13 a precedent.

14 That precedent is, do we enter into free trade
15 agreements without subjecting ourselves to arbitration to
16 ensure that they are not used to evade basic human
17 decency standards, labor rights, and environmental
18 standards? In my mind, that is very clear: we do not.
19 We have committed ourselves to all of those things and
20 they must be done in concert with each other.

21 The administration believes that it will go from
22 small trade agreements with Jordan to fast track
23 authority or great international agreements, while
24 abrogating what are generational commitments to human
25 rights, labor standards, and environmental protection,

1 then the great coalition for free trade that has been
2 assembled in this country over these many years is going
3 to disassemble, because some of us are simply not going
4 to stand and witness that change.

5 Thank you, Mr. Chairman, for the time.

6 The Chairman. Senator Rockefeller?

7 Senator Rockefeller. Mr. Chairman, changing
8 subjects for a moment. The now-enactment of the Section
9 201, which is incredibly important, could not have
10 happened without some very artful footwork on the part of
11 you, Senator Grassley, and your staffs. I want to thank
12 you both very much, and your staffs, for that, as well as
13 my own.

14 The Chairman. Thank you, Senator.

15 I might also say in response to Senator Graham's
16 inquiry, that we do plan to hold a mark-up next week and
17 take up the TANF supplemental. There might also be some
18 nominations at the same mark-up.

19 The Senator makes a very good point, that the
20 supplemental is necessary, particularly in States like
21 Florida, but a lot of other States, too. I thank the
22 Senator for pushing the issue on behalf of people in
23 States where that is very important, very necessary. We
24 will have a mark-up next week.

25 Senator Graham. Thank you, Mr. Chairman.

1 The Chairman. I might also say, in response to the
2 Senator from Texas, some of the concerns he raised may
3 apply generally to future trade agreements, but do not
4 apply to this one. It is an extremely remote possibility
5 that the concerns may come into play and the consultative
6 mechanism may actually be necessary and utilized.

7 So I think his concerns, although maybe more valid
8 generally with respect to future trade agreements, I
9 think it is important to note that they do not apply to
10 this particular agreement. But we will have other
11 debates on the larger question at other times.

12 I thank the Senators again for attending the mark-up.
13 The mark-up is adjourned.

14 [Whereupon, at 11:00 a.m., the meeting was
15 concluded.]

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I N D E X

PAGESTATEMENT OF:

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THE HONORABLE CHARLES E. GRASSLEY A United States Senator from the State of Iowa	3
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Gilmour
7-26-01
32 pp.

Statement on S.643
U.S.-Jordan Free Trade Agreement
Finance Committee Markup
Senator Snowe
July 26, 2001

Thank you, Mr. Chairman. The U.S.-Jordan Free Trade Agreement represents a significant step in U.S. relations with a strategic partner in the Middle East peace process. I am supporting this agreement as it not only demonstrates our support for Jordan, which in turn should bolster regionally stability as an element of the peace process, but also bolsters efforts to create parity with our trading partners.

Unfortunately, the reality we face is that many countries, including Jordan, still maintain relatively closed markets and trade barriers that impede American exports and limit the global competitiveness of our companies.

The U.S.-Jordan Free Trade Agreement is an example of our government seeking to further open markets. Currently, Jordan benefits from a variety of different U.S. laws, such as the Generalized System of Preferences (GSP) and NTR status [formerly MFN], which grant many of their products duty-free access to our market.

However, Jordan does not reciprocate. Although it became a member of the WTO last April and has changed its laws to meet the lower tariff and non-tariff requirements of the WTO, the U.S. still does not have equal access with some tariffs being as high as 30 percent.

Our trading relationship is not massive, in fact, quite the contrary. Total U.S.-Jordan bilateral trade was \$300 million in 1999, making it America's 101st largest trading partner -- hardly pivotal in economic terms. As the ITC stated in its analysis of the impact of the FTA on the U.S. economy, "there are no measurable impacts on total U.S. exports, total U.S. imports, U.S. production, or U.S. employment..."

But neither of these factors should diminish the significance of this agreement. The fact of the matter is, the FTA will open the Jordanian services market to U.S. companies, and each country will eliminate virtually all tariff and non-tariff barriers within ten years. In addition, safeguard measures allow each country to suspend tariff reductions should the implementation of the agreement lead to a "substantial cause of serious injury, or threat thereof" to a domestic industry.

Of particular significance, for the first time labor and environmental provisions are included, along with e-commerce, in one of our trade agreements. Not only is this precedent-setting, but it can also provide us with a framework for negotiating future trade agreements. In this case, the agreement neither imposes new standards nor bars change or reform of national laws as each country may see fit -- only that it must enforce them. The deal recognizes the right of each country to establish its own levels of domestic environmental protection, domestic labor standards, and the laws and standards governing these.

In this agreement, both the U.S. and Jordan have recognized the importance of maintaining high labor and environmental standards and have agreed to enforce

their own laws. Specifically, the agreement states that each party "shall not fail to effectively enforce its [labor and environmental] laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties."

The U.S.-Jordan Free Trade Agreement reflects the prominence that labor and environmental issues have legitimately and, in some instances, very graphically attained within our national debate on trade. I know there are those that would lament the fact that this agreement, in effect, "lets the genie out of the bottle" in terms of the inclusion of these issues in our trade agreements. And I agree that the genie cannot now be returned to the bottle -- nor *should* it, in my view.

The fact is, we can and *should* have legitimate debates as to the extent and scope of the inclusion of labor and environmental matters in future trade agreements. But I think there is no question it is not only the issues of tariffs and non-tariff barriers which we must negotiate to ensure fair trade, but also the labor and environmental standards under which other countries operate.

Not only do we have an understandable human rights interest in encouraging the raising of these standards for people in other countries, but these standards also can and do have a direct effect on our competitiveness with those same nations that can undercut U.S. jobs due to lax environmental or labor laws. And we have the right and indeed an obligation, I would say, to maximize the benefits of our trade agreements in this regard, using the lure of access to the world's largest economy as the "carrot", if you will, to effect positive change.

We must recognize that there are many factors which contribute to fair trade, and the U.S. must be willing to negotiate on them all. Trade is an economic opportunity and has provided the United States with countless benefits, but there have also been adverse effects -- and by addressing the entire spectrum of issues in trade agreements, we come closer to reaching parity.

Under the Jordan free trade agreement, should a dispute arise, either with regard to tariffs or a labor or environmental issue, the dispute settlement process is the same -- also a significant precedent as it creates parity among these issues for the first time. Also of note, the dispute settlement process in no way allows one country to change the laws of the other. In fact, recommendations put forth by the Joint Committee, which is made up of trade officials from each country, are *non-binding*.

The centerpiece of the dispute settlement process is providing a forum for Jordan and the U.S. to work through their differences. This fact is also reflected in the recent letter signed by Jordan and the U.S., which, in sum, says that if there is a dispute, each side would utilize bilateral consultations to resolve the issue. Under the free trade agreement, a country could impose trade sanctions on the other if a dispute is not worked out, however, finding a resolution before it reaches that point is preferred. At the same time, sanctions should never be expressly prohibited.

In short, Mr. Chairman, this agreement sends a signal that the U.S. supports Jordan, its economic liberalization and, more broadly, efforts to foster regionally stability - especially at a critical time in the stalled peace process. Promoting and

helping Jordan increase its economic potential and therefore its prosperity is good for Jordanians, good for Americans, and good for the region as a whole, and therefore this measure will have my support. Thank you, Mr. Chairman.

**List of Amendments
Committee on Finance
Continuation of Mark up on July 26, 2001**

1. Baucus #1, to provide a complete substitute to S. 942.
STATUS: S. 942 will not be considered on July 26, 2001
2. Baucus #2, to provide a complete substitute to S. 643.
STATUS: Approved by voice vote 7/17/01
3. Rockefeller #1, Amendment to the Finance Committee's 201 Resolution
4. Grassley #1, Amendment to the Finance Committee's 201 Resolution.
STATUS: Approved by voice vote 7/17/01.
5. Murkowski #1, to S. 643, to establish objectives for negotiating, and procedures for implementing certain agreements
STATUS: Offered and Withdrawn during 7/17/01 Markup
6. Nickles #1, Supplemental grants only for those states who spent their TANF allocations in FY 2000
7. **STATUS: S. 942 will not be considered on July 26, 2001**
8. Nickles #2, Medicare payment principles
9. Nickles #3, offset supplemental grant extension with existing unspent TANF money
STATUS: S. 942 will not be considered on July 26, 2001
10. Gramm #1, to the original committee resolution calling for an investigation of the importation of certain steel products
11. Gramm #2, to S. 643, legislation to implement the agreement establishing a U.S.-Jordan Free Trade Area.
STATUS: Defeated. Roll Call Vote on 7/17/01 – 9 Ayes to 12 Nays
12. Gramm #3, (Jordan) Repeals title IX (sunset) of the Economic Growth and Tax Relief Reconciliation Act of 2001, to provide for permanent tax relief.
13. Gramm #4, (Jordan) Reduces the maximum rate on capital gains from 20 percent to 15 percent, in order to promote savings and investment, and to provide additional stimulus to the economy.

For your information, the following actions were taken during the July 17 markup.

S. 643, US-JORDAN FREE TRADE

Baucus Amendment #2, in the nature of a substitute = approved by voice vote

Murkowski Amendment #1 = Withdrawn

Gramm Amendment #2 = Defeated by Roll Call Vote, 9 Ayes to 12 Nays

Final Passage: Delayed until quorum present.

STEEL RESOLUTION

Grassley Amendment #1 = approved by voice vote

Final Passage: Delayed until quorum present

Rockefeller Amendment to the Finance Committee's 201 Resolution

Purpose: To make modifications to the resolution to reflect suggestions from the Administration and Members of the Finance Committee and in order to more closely conform the Committee resolution to the Administration's June 22nd request.

Amendment:

In the second whereas clause (page 1, line 4) - delete "causing a crisis in which" and replace with "whereas since 1998"

In the sixth whereas clause (page 1, line 17) delete "substantial foreign market distorting policies and practices, and substantial foreign excess steel production capacity which cause endemic dumping and high volumes of foreign steel in the U.S. market" and replace with "that the U.S. steel industry has been affected by a 50 year legacy of foreign government intervention in the market and direct financial support of their steel industries resulting in significant excess capacity, inefficient production, and a glut of steel on the world market;"

In the ninth whereas clause (page 2, line 4) eliminate the comma, add an "and" and in line 5, replace the comma with a semicolon and delete "and would be profitable but for injury due to imports;"

On page 11, line 16, after "7314.14.60.00," add "or"

On page 12, line 6, delete "allow" and replace with "alloy"

On page 12, line 21, after "commends the President" add "and expresses support for" and, on line 24, delete "which are the root cause of the current steel crisis." and replace with "and other market-distorting practices, in order to restore a level playing field to the global steel industry."

Nickles =2

An amendment offered by Sen. Nickles to offset the supplemental grant extension by eliminating the Upper Payment Limit phase out and restoring the limit for inpatient, outpatient, and clinic services by non-state-owned or operated public hospitals from 150 percent to 100 percent of estimated payments based on Medicare payment principles.

Gramm Amendment #1

To the original committee resolution calling for an investigation of the importation of certain steel products.

Amendments to ensure that any Section 201 investigation takes into account impact on the US economy, US manufacturers, and US workers, and subsequent recommendations provide maximum benefit to the US economy, US manufacturers, and US workers.

Gramm Amendment #2

To S. 643, legislation to implement the agreement establishing a U.S.-Jordan Free Trade Area.

An amendment to ensure that no trade agreement or dispute resolution mechanism may interfere with US domestic law or its enforcement.

GRAMM AMENDMENT #3

Current Law

Due to the technical requirements of the Budget Act, the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 are set to expire on January 1, 2011. If no action is taken, provisions of law affecting marginal rates, death taxes, the child credit, retirement savings incentives, education, etc. will revert to the law as it stood prior to June 7, 2001. This uncertainty undermines the economic benefits of the tax cut since taxpayers cannot plan on permanent tax relief.

Chairman's Mark

No provision.

Explanation of Provision

Repeals title IX (sunset) of the Economic Growth and Tax Relief Reconciliation Act of 2001, to provide for permanent tax relief.

GRAMM AMENDMENT #4

Current Law

Imposes a 20 percent maximum rate on capital gains.

Chairman's Mark

No provision.

Explanation of Provision

Reduces the maximum rate on capital gains from 20 percent to 15 percent, in order to promote savings and investment, and to provide additional stimulus to the economy.

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—107th Cong., 1st Sess.

S. 643

To implement the agreement establishing a United States-Jordan free trade area.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. BAUCUS

Viz:

- 1 Strike all after the enacting clause and insert the fol-
- 2 lowing:
- 3 **SECTION 1. SHORT TITLE.**
- 4 This Act may be cited as the "United States-Jordan
- 5 Free Trade Area Implementation Act".
- 6 **SEC. 2. PURPOSES.**
- 7 The purposes of this Act are—
- 8 (1) to implement the agreement between the
- 9 United States and Jordan establishing a free trade
- 10 area;

1 (2) to strengthen and develop the economic re-
2 lations between the United States and Jordan for
3 their mutual benefit; and

4 (3) to establish free trade between the 2 nations
5 through the removal of trade barriers.

6 **SEC. 3. DEFINITIONS.**

7 For purposes of this Act:

8 (1) **AGREEMENT.**—The term “Agreement”
9 means the Agreement between the United States of
10 America and the Hashemite Kingdom of Jordan on
11 the Establishment of a Free Trade Area, entered
12 into on October 24, 2000.

13 (2) **HTS.**—The term “HTS” means the Har-
14 monized Tariff Schedule of the United States.

15 **SEC. 4. APPROVAL OF AGREEMENT.**

16 Congress approves the Agreement between the
17 United States of America and the Hashemite Kingdom of
18 Jordan on the establishment of a free trade area, entered
19 into on October 24, 2000, and submitted to Congress on
20 January 6, 2001.

21 **TITLE I—TARIFF MODIFICA-**
22 **TIONS; RULES OF ORIGIN**

23 **SEC. 101. TARIFF MODIFICATIONS.**

24 (a) **TARIFF MODIFICATIONS PROVIDED FOR IN THE**
25 **AGREEMENT.**—The President may proclaim—

1 (1) such modifications or continuation of any
2 duty.

3 (2) such continuation of duty-free or excise
4 treatment, or

5 (3) such additional duties,

6 as the President determines to be necessary or appropriate
7 to carry out article 2.1 of the Agreement and the schedule
8 of duty reductions with respect to Jordan set out in Annex
9 2.1 of the Agreement.

10 (b) OTHER TARIFF MODIFICATIONS.—The President
11 may proclaim—

12 (1) such modifications or continuation of any
13 duty,

14 (2) such continuation of duty-free or excise
15 treatment, or

16 (3) such additional duties,

17 as the President determines to be necessary or appropriate
18 to maintain the general level of reciprocal and mutually
19 advantageous concessions with respect to Jordan provided
20 for by the Agreement.

21 **SEC. 102. RULES OF ORIGIN.**

22 (a) IN GENERAL.—

23 (1) ELIGIBLE ARTICLES.—

24 (A) IN GENERAL.—The reduction or elimi-
25 nation of any duty imposed on any article by

1 the United States provided for in the Agree-
2 ment shall apply only if—

3 (i) that article is imported directly
4 from Jordan into the customs territory of
5 the United States; and

6 (ii) that article—

7 (I) is wholly the growth, product,
8 or manufacture of Jordan; or

9 (II) is a new or different article
10 of commerce that has been grown,
11 produced, or manufactured in Jordan
12 and meets the requirements of sub-
13 paragraph (B).

14 (B) REQUIREMENTS.—

15 (i) GENERAL RULE.—The require-
16 ments of this subparagraph are that with
17 respect to an article described in subpara-
18 graph (A)(ii)(II), the sum of—

19 (I) the cost or value of the mate-
20 rials produced in Jordan, plus

21 (II) the direct costs of processing
22 operations performed in Jordan,
23 is not less than 35 percent of the ap-
24 praised value of such article at the time it
25 is entered.

1 (ii) MATERIALS PRODUCED IN UNITED
2 STATES.—If the cost or value of materials
3 produced in the customs territory of the
4 United States is included with respect to
5 an article to which this paragraph applies,
6 an amount not to exceed 15 percent of the
7 appraised value of the article at the time
8 it is entered that is attributable to such
9 United States cost or value may be applied
10 toward determining the percentage re-
11 ferred to in clause (i).

12 (2) EXCLUSIONS.—No article may be consid-
13 ered to meet the requirements of paragraph (1)(A)
14 by virtue of having merely undergone—

15 (A) simple combining or packaging oper-
16 ations; or

17 (B) mere dilution with water or mere dilu-
18 tion with another substance that does not mate-
19 rially alter the characteristics of the article.

20 (b) DIRECT COSTS OF PROCESSING OPERATIONS.—

21 (1) IN GENERAL.—As used in this section, the
22 term “direct costs of processing operations” in-
23 cludes, but is not limited to—

24 (A) all actual labor costs involved in the
25 growth, production, manufacture, or assembly

1 of the specific merchandise, including fringe
2 benefits, on-the-job training, and the cost of en-
3 gineering, supervisory, quality control, and
4 similar personnel; and

5 (B) dies, molds, tooling, and depreciation
6 on machinery and equipment which are allo-
7 cable to the specific merchandise.

8 (2) EXCLUDED COSTS.—The term “direct costs
9 of processing operations” does not include costs
10 which are not directly attributable to the merchan-
11 dise concerned, or are not costs of manufacturing
12 the product, such as—

13 (A) profit; and

14 (B) general expenses of doing business
15 which are either not allocable to the specific
16 merchandise or are not related to the growth,
17 production, manufacture, or assembly of the
18 merchandise, such as administrative salaries,
19 casualty and liability insurance, advertising,
20 and salesmen’s salaries, commissions, or ex-
21 penses.

22 (c) TEXTILE AND APPAREL ARTICLES.—

23 (1) IN GENERAL.—A textile or apparel article
24 imported directly from Jordan into the customs ter-
25 ritory of the United States shall be considered to

1 meet the requirements of paragraph (1)(A) of sub-
2 section (a) only if—

3 (A) the article is wholly obtained or pro-
4 duced in Jordan;

5 (B) the article is a yarn, thread, twine,
6 cordage, rope, cable, or braiding, and—

7 (i) the constituent staple fibers are
8 spun in Jordan, or

9 (ii) the continuous filament is ex-
10 truded in Jordan;

11 (C) the article is a fabric, including a fab-
12 ric classified under chapter 59 of the HTS, and
13 the constituent fibers, filaments, or yarns are
14 woven, knitted, needled, tufted, felted, entan-
15 gled, or transformed by any other fabric-making
16 process in Jordan; or

17 (D) the article is any other textile or ap-
18 parel article that is wholly assembled in Jordan
19 from its component pieces.

20 (2) DEFINITION.—For purposes of paragraph
21 (1), an article is “wholly obtained or produced in
22 Jordan” if it is wholly the growth, product, or man-
23 ufacture of Jordan.

24 (3) SPECIAL RULES.—

8

1 (A) CERTAIN MADE-UP ARTICLES, TEXTILE
2 ARTICLES IN THE PIECE, AND CERTAIN OTHER
3 TEXTILES AND TEXTILE ARTICLES.—Notwith-
4 standing paragraph (1)(D) and except as pro-
5 vided in subparagraphs (C) and (D) of this
6 paragraph, subparagraph (A), (B), or (C) of
7 paragraph (1), as appropriate, shall determine
8 whether a good that is classified under one of
9 the following headings or subheadings of the
10 HTS shall be considered to meet the require-
11 ments of paragraph (1)(A) of subsection (a):
12 5609, 5807, 5811, 6209.20.50.40, 6213, 6214,
13 6301, 6302, 6304, 6305, 6306, 6307.10,
14 6307.90, 6308, and 9404.90.

15 (B) CERTAIN KNIT-TO-SHAPE TEXTILES
16 AND TEXTILE ARTICLES.—Notwithstanding
17 paragraph (1)(D) and except as provided in
18 subparagraphs (C) and (D) of this paragraph,
19 a textile or apparel article which is knit-to-
20 shape in Jordan shall be considered to meet the
21 requirements of paragraph (1)(A) of subsection
22 (a).

23 (C) CERTAIN DYED AND PRINTED TEX-
24 TILES AND TEXTILE ARTICLES.—Notwith-
25 standing paragraph (1)(D), a good classified

1 under subheading 6117.10, 6213.00, 6214.00,
2 6302.22, 6302.29, 6302.52, 6302.53, 6302.59,
3 6302.92, 6302.93, 6302.99, 6303.92, 6303.99,
4 6304.19, 6304.93, 6304.99, 9404.90.85, or
5 9404.90.95 of the HTS, except for a good clas-
6 sified under any such subheading as of cotton
7 or of wool or consisting of fiber blends con-
8 taining 16 percent or more by weight of cotton,
9 shall be considered to meet the requirements of
10 paragraph (1)(A) of subsection (a) if the fabric
11 in the good is both dyed and printed in Jordan,
12 and such dyeing and printing is accompanied by
13 2 or more of the following finishing operations:
14 bleaching, shrinking, fulling, napping, decating,
15 permanent stiffening, weighting, permanent em-
16 bossing, or moireing.

17 (D) FABRICS OF SILK, COTTON, MANMADE
18 FIBER OR VEGETABLE FIBER.—Notwith-
19 standing paragraph (1)(C), a fabric classified
20 under the HTS as of silk, cotton, man-made
21 fiber, or vegetable fiber shall be considered to
22 meet the requirements of paragraph (1)(A) of
23 subsection (a) if the fabric is both dyed and
24 printed in Jordan, and such dyeing and print-
25 ing is accompanied by 2 or more of the fol-

1 lowing finishing operations: bleaching, shrink-
2 ing, fulling, napping, decating, permanent stiff-
3 ening, weighting, permanent embossing, or
4 moireing.

5 (4) MULTICOUNTRY RULE.—If the origin of a
6 textile or apparel article cannot be determined under
7 paragraph (1) or (3), then that article shall be con-
8 sidered to meet the requirements of paragraph
9 (1)(A) of subsection (a) if—

10 (A) the most important assembly or manu-
11 facturing process occurs in Jordan; or

12 (B) if the applicability of paragraph (1)(A)
13 of subsection (a) cannot be determined under
14 subparagraph (A), the last important assembly
15 or manufacturing occurs in Jordan.

16 (d) EXCLUSION.—A good shall not be considered to
17 meet the requirements of paragraph (1)(A) of subsection
18 (a) if the good—

19 (1) is imported into Jordan, and, at the time of
20 importation, would be classified under heading 0805
21 of the HTS; and

22 (2) is processed in Jordan into a good classified
23 under any of subheadings 2009.11 through 2009.30
24 of the HTS.

1 (e) REGULATIONS.—The Secretary of the Treasury,
2 after consultation with the United States Trade Rep-
3 resentative, shall prescribe such regulations as may be
4 necessary to carry out this section.

5 **TITLE II—RELIEF FROM** 6 **IMPORTS**

7 **Subtitle A—General Provisions**

8 **SEC. 201. DEFINITIONS.**

9 As used in this title:

10 (1) COMMISSION.—The term “Commission”
11 means the United States International Trade Com-
12 mission.

13 (2) JORDANIAN ARTICLE.—The term “Jor-
14 danian article” means an article that qualifies for
15 reduction or elimination of a duty under section 102.

16 **Subtitle B—Relief From Imports** 17 **Benefiting From The Agreement**

18 **SEC. 211. COMMENCING OF ACTION FOR RELIEF.**

19 (a) FILING OF PETITION.—

20 (1) IN GENERAL.—A petition requesting action
21 under this subtitle for the purpose of adjusting to
22 the obligations of the United States under the
23 Agreement may be filed with the Commission by an
24 entity, including a trade association, firm, certified
25 or recognized union, or group of workers that is rep-

1 representative of an industry. The Commission shall
2 transmit a copy of any petition filed under this sub-
3 section to the United States Trade Representative.

4 (2) PROVISIONAL RELIEF.—An entity filing a
5 petition under this subsection may request that pro-
6 visional relief be provided as if the petition had been
7 filed under section 202(a) of the Trade Act of 1974.

8 (3) CRITICAL CIRCUMSTANCES.—Any allegation
9 that critical circumstances exist shall be included in
10 the petition.

11 (b) INVESTIGATION AND DETERMINATION.—

12 (1) IN GENERAL.—Upon the filing of a petition
13 under subsection (a), the Commission, unless sub-
14 section (d) applies, shall promptly initiate an inves-
15 tigation to determine whether, as a result of the re-
16 duction or elimination of a duty provided for under
17 the Agreement, a Jordanian article is being im-
18 ported into the United States in such increased
19 quantities, in absolute terms or relative to domestic
20 production, and under such conditions that imports
21 of the Jordanian article alone constitute a substan-
22 tial cause of serious injury or threat thereof to the
23 domestic industry producing an article that is like,
24 or directly competitive with, the imported article.

1 (2) CAUSATION.—For purposes of this subtitle,
2 a Jordanian article is being imported into the
3 United States in increased quantities as a result of
4 the reduction or elimination of a duty provided for
5 under the Agreement if the reduction or elimination
6 is a cause that contributes significantly to the in-
7 crease in imports. Such cause need not be equal to
8 or greater than any other cause.

9 (c) APPLICABLE PROVISIONS.—The following provi-
10 sions of section 202 of the Trade Act of 1974 (19 U.S.C.
11 2252) apply with respect to any investigation initiated
12 under subsection (b):

13 (1) Paragraphs (1)(B) and (3) of subsection
14 (b).

15 (2) Subsection (c).

16 (3) Subsection (d).

17 (d) ARTICLES EXEMPT FROM INVESTIGATION.—No
18 investigation may be initiated under this section with re-
19 spect to any Jordanian article if import relief has been
20 provided under this subtitle with respect to that article.

21 **SEC. 212. COMMISSION ACTION ON PETITION.**

22 (a) DETERMINATION.—By no later than 120 days
23 (180 days if critical circumstances have been alleged) after
24 the date on which an investigation is initiated under sec-

1 tion 211(b) with respect to a petition, the Commission
2 shall make the determination required under that section.

3 (b) ADDITIONAL FINDING AND RECOMMENDATION IF
4 DETERMINATION AFFIRMATIVE.—If the determination
5 made by the Commission under subsection (a) with respect
6 to imports of an article is affirmative, the Commission
7 shall find, and recommend to the President in the report
8 required under subsection (c), the amount of import relief
9 that is necessary to remedy or prevent the injury found
10 by the Commission in the determination and to facilitate
11 the efforts of the domestic industry to make a positive ad-
12 justment to import competition. The import relief rec-
13 ommended by the Commission under this subsection shall
14 be limited to that described in section 213(c).

15 (c) REPORT TO PRESIDENT.—Not later than the date
16 that is 30 days after the date on which a determination
17 is made under subsection (a) with respect to an investiga-
18 tion, the Commission shall submit to the President a re-
19 port that shall include—

- 20 (1) a statement of the basis for the determina-
21 tion;
22 (2) dissenting and separate views; and
23 (3) any finding made under subsection (b) re-
24 garding import relief.

1 (d) PUBLIC NOTICE.—Upon submitting a report to
2 the President under subsection (c), the Commission shall
3 promptly make public such report (with the exception of
4 information which the Commission determines to be con-
5 fidential) and shall cause a summary thereof to be pub-
6 lished in the Federal Register.

7 (e) APPLICABLE PROVISIONS.—For purposes of this
8 subtitle, the provisions of paragraphs (1), (2), and (3) of
9 section 330(d) of the Tariff Act of 1930 (19 U.S.C.
10 1330(d)) shall apply with respect to determinations and
11 findings made under this section as if such determinations
12 and findings were made under section 202 of the Trade
13 Act of 1974 (19 U.S.C. 2252).

14 **SEC. 213. PROVISION OF RELIEF.**

15 (a) IN GENERAL.—Not later than the date that is
16 30 days after the date on which the President receives the
17 report of the Commission containing an affirmative deter-
18 mination of the Commission under section 212(a), the
19 President shall provide relief from imports of the article
20 that is the subject of such determination to the extent that
21 the President determines necessary to prevent or remedy
22 the injury found by the Commission and to facilitate the
23 efforts of the domestic industry to make a positive adjust-
24 ment to import competition, unless the President deter-
25 mines that the provision of such relief is not in the na-

1 tional economic interest of the United States or, in ex-
2 traordinary circumstances, that the provision of such relief
3 would cause serious harm to the national security of the
4 United States.

5 (b) NATIONAL ECONOMIC INTEREST.—The President
6 may determine under subsection (a) that providing import
7 relief is not in the national economic interest of the United
8 States only if the President finds that taking such action
9 would have an adverse impact on the United States econ-
10 omy clearly greater than the benefits of taking such ac-
11 tion.

12 (c) NATURE OF RELIEF.—The import relief (includ-
13 ing provisional relief) that the President is authorized to
14 provide under this subtitle with respect to imports of an
15 article is—

16 (1) the suspension of any further reduction pro-
17 vided for under the United States Schedule to Annex
18 2.1 of the Agreement in the duty imposed on that
19 article;

20 (2) an increase in the rate of duty imposed on
21 such article to a level that does not exceed the lesser
22 of—

23 (A) the column 1 general rate of duty im-
24 posed under the HTS on like articles at the
25 time the import relief is provided; or

1 (B) the column 1 general rate of duty im-
2 posed under the HTS on like articles on the
3 day before the date on which the Agreement en-
4 ters into force; or

5 (3) in the case of a duty applied on a seasonal
6 basis to that article, an increase in the rate of duty
7 imposed on the article to a level that does not exceed
8 the column 1 general rate of duty imposed under the
9 HTS on the article for the corresponding season oc-
10 ccurring immediately before the date on which the
11 Agreement enters into force.

12 (d) PERIOD OF RELIEF.—The import relief that the
13 President is authorized to provide under this section may
14 not exceed 4 years.

15 (e) RATE AFTER TERMINATION OF IMPORT RE-
16 LIEF.—When import relief under this subtitle is termi-
17 nated with respect to an article—

18 (1) the rate of duty on that article after such
19 termination and on or before December 31 of the
20 year in which termination occurs shall be the rate
21 that, according to the United States Schedule to
22 Annex 2.1 of the Agreement for the staged elimi-
23 nation of the tariff, would have been in effect 1 year
24 after the initiation of the import relief action under
25 section 211; and

1 (2) the tariff treatment for that article after
2 December 31 of the year in which termination oc-
3 curs shall be, at the discretion of the President,
4 either—

5 (A) the rate of duty conforming to the ap-
6 plicable rate set out in the United States
7 Schedule to Annex 2.1; or

8 (B) the rate of duty resulting from the
9 elimination of the tariff in equal annual stages
10 ending on the date set out in the United States
11 Schedule to Annex 2.1 for the elimination of
12 the tariff.

13 **SEC. 214. TERMINATION OF RELIEF AUTHORITY.**

14 (a) **GENERAL RULE.**—Except as provided in sub-
15 section (b), no import relief may be provided under this
16 subtitle after the date that is 15 years after the date on
17 which the Agreement enters into force.

18 (b) **EXCEPTION.**—Import relief may be provided
19 under this subtitle in the case of a Jordanian article after
20 the date on which such relief would, but for this sub-
21 section, terminate under subsection (a), but only if the
22 Government of Jordan consents to such provision.

23 **SEC. 215. COMPENSATION AUTHORITY.**

24 For purposes of section 123 of the Trade Act of 1974
25 (19 U.S.C. 2133), any import relief provided by the Presi-

1 dent under section 213 shall be treated as action taken
2 under chapter 1 of title II of such Act.

3 **SEC. 216. SUBMISSION OF PETITIONS.**

4 A petition for import relief may be submitted to the
5 Commission under—

6 (1) this subtitle;

7 (2) chapter 1 of title II of the Trade Act of
8 1974; or

9 (3) under both this subtitle and such chapter 1
10 at the same time, in which case the Commission
11 shall consider such petitions jointly.

12 **Subtitle C—Cases Under Title II of**
13 **The Trade Act of 1974**

14 **SEC. 221. FINDINGS AND ACTION ON JORDANIAN IMPORTS.**

15 (a) EFFECT OF IMPORTS.—If, in any investigation
16 initiated under chapter 1 of title II of the Trade Act of
17 1974, the Commission makes an affirmative determination
18 (or a determination which the President may treat as an
19 affirmative determination under such chapter by reason
20 of section 330(d) of the Tariff Act of 1930), the Commis-
21 sion shall also find (and report to the President at the
22 time such injury determination is submitted to the Presi-
23 dent) whether imports of the article from Jordan are a
24 substantial cause of serious injury or threat thereof.

1 (b) PRESIDENTIAL ACTION REGARDING JORDANIAN
2 IMPORTS.—In determining the nature and extent of action
3 to be taken under chapter 1 of title II of the Trade Act
4 of 1974, the President shall determine whether imports
5 from Jordan are a substantial cause of the serious injury
6 found by the Commission and, if such determination is
7 in the negative, may exclude from such action imports
8 from Jordan.

9 **SEC. 222. TECHNICAL AMENDMENT.**

10 Section 202(a)(8) of the Trade Act of 1974 (19
11 U.S.C. 2252(a)(8)) is amended in the first sentence—

12 (1) by striking “and part 1” and inserting “,
13 part 1”; and

14 (2) by inserting before the period at the end “,
15 and title II of the United States-Jordan Free Trade
16 Area Implementation Act”.

17 **TITLE III—TEMPORARY ENTRY**

18 **SEC. 301. NONIMMIGRANT TRADERS AND INVESTORS.**

19 Upon the basis of reciprocity as provided for by the
20 Agreement, an alien who is a national of Jordan (and any
21 spouse or child (as defined in section 101(b)(1) of the Im-
22 migration and Nationality Act (8 U.S.C. 1101(b)(1)) of
23 the alien, if accompanying or following to join the alien)
24 shall be considered to be entitled to enter the United
25 States under and in pursuance of the provisions of the

1 Agreement as a nonimmigrant described in section
2 101(a)(15)(E) of the Immigration and Nationality Act (8
3 U.S.C. 1101(a)(15)(E)), if the entry is solely for a pur-
4 pose described in clause (i) or (ii) of such section and the
5 alien is otherwise admissible to the United States as such
6 a nonimmigrant.

7 **TITLE IV—GENERAL** 8 **PROVISIONS**

9 **SEC. 401. RELATIONSHIP OF THE AGREEMENT TO UNITED** 10 **STATES AND STATE LAW.**

11 (a) RELATIONSHIP OF AGREEMENT TO UNITED 12 STATES LAW.—

13 (1) UNITED STATES LAW TO PREVAIL IN CON-
14 FFLICT.—No provision of the Agreement, nor the ap-
15 plication of any such provision to any person or cir-
16 cumstance, that is inconsistent with any law of the
17 United States shall have effect.

18 (2) CONSTRUCTION.—Nothing in this Act shall
19 be construed—

20 (A) to amend or modify any law of the
21 United States, or

22 (B) to limit any authority conferred under
23 any law of the United States,

24 unless specifically provided for in this Act.

1 (b) RELATIONSHIP OF AGREEMENT TO STATE
2 LAW.—

3 (1) LEGAL CHALLENGE.—No State law, or the
4 application thereof, may be declared invalid as to
5 any person or circumstance on the ground that the
6 provision or application is inconsistent with the
7 Agreement, except in an action brought by the
8 United States for the purpose of declaring such law
9 or application invalid.

10 (2) DEFINITION OF STATE LAW.—For purposes
11 of this subsection, the term “State law” includes—

12 (A) any law of a political subdivision of a
13 State; and

14 (B) any State law regulating or taxing the
15 business of insurance.

16 (c) EFFECT OF AGREEMENT WITH RESPECT TO PRI-
17 VATE REMEDIES.—No person other than the United
18 States—

19 (1) shall have any cause of action or defense
20 under the Agreement; or

21 (2) may challenge, in any action brought under
22 any provision of law, any action or inaction by any
23 department, agency, or other instrumentality of the
24 United States, any State, or any political subdivision

1 of a State on the ground that such action or inaction
2 is inconsistent with the Agreement.

3 **SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

4 There are authorized to be appropriated for each fis-
5 cal year after fiscal year 2001 to the Department of Com-
6 merce not more than \$100,000 for the payment of the
7 United States share of the expenses incurred in dispute
8 settlement proceedings under article 17 of the Agreement.

9 **SEC. 403. IMPLEMENTING REGULATIONS.**

10 After the date of enactment of this Act—

11 (1) the President may proclaim such actions,
12 and

13 (2) other appropriate officers of the United
14 States may issue such regulations,

15 as may be necessary to ensure that any provision of this
16 Act, or amendment made by this Act, that takes effect
17 on the date the Agreement enters into force is appro-
18 priately implemented on such date, but no such proclama-
19 tion or regulation may have an effective date earlier than
20 the date the Agreement enters into force.

21 **SEC. 404. EFFECTIVE DATES; EFFECT OF TERMINATION.**

22 (a) **EFFECTIVE DATES.**—Except as provided in sub-
23 section (b), the provisions of this Act and the amendments
24 made by this Act take effect on the date the Agreement
25 enters into force.

1 (b) EXCEPTIONS.—Sections 1 through 4 and this
2 title take effect on the date of enactment of this Act.

3 (c) TERMINATION OF THE AGREEMENT.—On the
4 date on which the Agreement ceases to be in force, the
5 provisions of this Act (other than this subsection) and the
6 amendments made by this Act, shall cease to have effect.

**RESOLUTION OF THE COMMITTEE ON
FINANCE OF THE UNITED STATES SENATE**

Whereas in 2000 the level of steel imports was more than double the import level in 1991, and since 1998 thousands of steelworkers lost their jobs, 18 American steel companies went bankrupt, and 5 plants were shut down;

Whereas domestic steel prices declined substantially in the wake of the increased levels of steel imports in recent years, capacity utilization in the United States steel industry has fallen to extremely low levels, and the market capitalization and debt ratings of United States steel firms are at precarious levels, despite the fact that the United States steel industry has invested tens of billions of dollars in modernization, and has productivity equal to or better than foreign steel producers;

Whereas a reliable supply of domestically produced steel products is essential to the national security of the United States;

Whereas the Department of Commerce recently documented that the United States steel industry has been affected by a 50-year legacy of foreign government intervention in the market and direct financial support of their steel industries, resulting in significant excess capacity, inefficient production, and a glut of steel on world markets;

Whereas the Bush Administration has announced its intention to negotiate a reduction in the overcapacity of steel

worldwide and to negotiate disciplines on the market-distorting practices that are endemic to steel trade;

Whereas it is essential for all major steel trading nations to work cooperatively with the United States in pursuing this initiative, and the success of this initiative is essential to achieve a long-term solution to the problems facing steel trade;

Whereas the President and Congress recognize the need for vigorous enforcement of the trade laws and, at the President's direction, the United States Trade Representative on June 22, 2001, requested the United States International Trade Commission to initiate an investigation under section 201 of the Trade Act of 1974 of the effect of steel imports on the United States steel industry: Now, therefore, be it

1 *Resolved,*

2 SECTION 1. Pursuant to section 202(b)(1)(A) of the
3 Trade Act of 1974, the United States International Trade
4 Commission shall promptly investigate whether certain
5 steel products are being imported into the United States
6 in such increased quantities as to be a substantial cause
7 of serious injury, or the threat thereof, to each of the do-
8 mestic industries identified in section 3 which are pro-
9 ducing articles like or directly competitive with the im-
10 ported steel products.

11 SEC. 2. (a) For purposes of this resolution, the term
12 "certain steel products" means articles classifiable under

1 the following subheadings of the Harmonized Tariff
2 Schedule of the United States:

3 (1) Carbon and alloy flat products classifiable
4 under subheading 7207.12.00.10, 7207.12.00.50,
5 7207.20.00.25, 7207.20.00.45, 7208.10.15.00,
6 7208.10.30.00, 7208.10.60.00, 7208.25.30.00,
7 7208.25.60.00, 7208.26.00.30, 7208.26.00.60,
8 7208.27.00.30, 7208.27.00.60, 7208.36.00.30,
9 7208.36.00.60, 7208.37.00.30, 7208.37.00.60,
10 7208.38.00.15, 7208.38.00.30, 7208.38.00.90,
11 7208.39.00.15, 7208.39.00.30, 7208.39.00.90,
12 7208.40.30.30, 7208.40.30.60, 7208.40.60.30,
13 7208.40.60.60, 7208.51.00.30, 7208.51.00.45,
14 7208.51.00.60, 7208.52.00.00, 7208.53.00.00,
15 7208.54.00.00, 7208.90.00.00, 7209.15.00.00,
16 7209.16.00.30, 7209.16.00.60, 7209.16.00.90,
17 7209.17.00.30, 7209.17.00.60, 7209.17.00.90,
18 7209.18.15.30, 7209.18.15.60, 7209.18.25.10,
19 7209.18.25.50, 7209.18.60.00, 7209.25.00.00,
20 7209.26.00.00, 7209.27.00.00, 7209.28.00.00,
21 7209.90.00.00, 7210.11.00.00, 7210.12.00.00,
22 7210.20.00.00, 7210.30.00.30, 7210.30.00.60,
23 7210.41.00.00, 7210.49.00.30, 7210.49.00.90,
24 7210.50.00.00, 7210.61.00.00, 7210.69.00.00,
25 7210.70.30.00, 7210.70.60.30, 7210.70.60.60,

1	7210.70.60.90,	7210.90.10.00,	7210.90.60.00,
2	7210.90.90.00,	7211.13.00.00,	7211.14.00.30,
3	7211.14.00.45,	7211.14.00.90,	7211.19.15.00,
4	7211.19.20.00,	7211.19.30.00,	7211.19.45.00,
5	7211.19.60.00,	7211.19.75.30,	7211.19.75.60,
6	7211.19.75.90,	7211.23.15.00,	7211.23.20.00,
7	7211.23.30.00,	7211.23.45.00,	7211.23.60.30,
8	7211.23.60.60,	7211.23.60.75,	7211.23.60.85,
9	7211.29.20.30,	7211.29.20.90,	7211.29.45.00,
10	7211.29.60.30,	7211.29.60.80,	7211.90.00.00,
11	7212.10.00.00,	7212.20.00.00,	7212.30.10.30,
12	7212.30.10.90,	7212.30.30.00,	7212.30.50.00,
13	7212.40.10.00,	7212.40.50.00,	7212.50.00.00,
14	7212.60.00.00,	7224.90.00.55,	7225.11.00.00,
15	7225.19.00.00,	7225.30.30.05,	7225.30.30.50,
16	7225.30.70.00,	7225.40.30.05,	7225.40.30.50,
17	7225.40.70.00,	7225.50.60.00,	7225.50.70.00,
18	7225.50.80.10,	7225.50.80.15,	7225.50.80.85,
19	7225.91.00.00,	7225.92.00.00,	7225.99.00.10,
20	7225.99.00.90,	7226.11.10.00,	7226.11.90.30,
21	7226.11.90.60,	7226.19.10.00,	7226.19.90.00,
22	7226.91.50.00,	7226.91.70.00,	7226.91.80.00,
23	7226.92.50.00,	7226.92.70.05,	7226.92.70.50,
24	7226.92.80.05,	7226.92.80.50,	7226.93.00.00,
25	7226.94.00.00, or	7226.99.00.00.	

1 (2) Carbon and alloy long products classifiable
2 under subheading 7206.10.00.00, 7206.90.00.00,
3 7207.11.00.00, 7207.19.00.30, 7207.19.00.90,
4 7207.20.00.75, 7207.20.00.90, 7213.10.00.00,
5 7213.20.00.00, 7213.99.00.60, 7213.99.00.90,
6 7214.10.00.00, 7214.20.00.00, 7214.30.00.00,
7 7214.91.00.15, 7214.91.00.60, 7214.91.00.90,
8 7214.99.00.15, 7214.99.00.30, 7214.99.00.45,
9 7214.99.00.60, 7214.99.00.75, 7214.99.00.90,
10 7215.10.00.00, 7215.50.00.15, 7215.50.00.60,
11 7215.50.00.90, 7215.90.10.00, 7215.90.30.00,
12 7215.90.50.00, 7216.10.00.10, 7216.10.00.50,
13 7216.21.00.00, 7216.22.00.00, 7216.31.00.00,
14 7216.32.00.00, 7216.33.00.30, 7216.33.00.60,
15 7216.33.00.90, 7216.40.00.10, 7216.40.00.50,
16 7216.50.00.00, 7216.61.00.00, 7216.69.00.00,
17 7216.91.00.00, 7216.99.00.00, 7217.10.10.00,
18 7217.10.20.00, 7217.10.30.00, 7217.10.40.30,
19 7217.10.40.90, 7217.10.50.30, 7217.10.50.90,
20 7217.10.60.00, 7217.10.70.00, 7217.10.80.10,
21 7217.10.80.20, 7217.10.80.25, 7217.10.80.30,
22 7217.10.80.45, 7217.10.80.60, 7217.10.80.75,
23 7217.10.80.90, 7217.10.90.00, 7217.20.15.00,
24 7217.20.30.00, 7217.20.45.10, 7217.20.45.20,
25 7217.20.45.30, 7217.20.45.40, 7217.20.45.50,

1	7217.20.45.60,	7217.20.45.70,	7217.20.45.80,
2	7217.20.60.00,	7217.20.75.00,	7217.30.15.30,
3	7217.30.15.60,	7217.30.30.00,	7217.30.45.10,
4	7217.30.45.20,	7217.30.45.30,	7217.30.45.40,
5	7217.30.45.50,	7217.30.45.60,	7217.30.45.90,
6	7217.30.60.00,	7217.30.75.00,	7217.90.10.00,
7	7217.90.50.30,	7217.90.50.60,	7217.90.50.90,
8	7224.10.00.05,	7224.10.00.75,	7224.90.00.05,
9	7224.90.00.45,	7224.90.00.65,	7224.90.00.75,
10	7227.20.00.00,	7227.20.00.10,	7227.20.00.90,
11	7227.90.10.30,	7227.90.20.30,	7227.90.60.05,
12	7227.90.60.58,	7228.20.10.00,	7228.20.50.00,
13	7228.30.20.00,	7228.30.80.05,	7228.30.80.50,
14	7228.40.00.00,	7228.50.10.10,	7228.50.50.05,
15	7228.50.50.50,	7228.60.10.30,	7228.60.60.00,
16	7228.60.80.00,	7228.70.30.20,	7228.70.30.40,
17	7228.70.30.60,	7228.70.30.80,	7228.70.60.00,
18	7228.80.00.00,	7229.20.00.00,	7229.90.10.00,
19	7229.90.50.15,	7229.90.50.30,	7229.90.50.50,
20	7229.90.90.00,	7301.10.00.00,	7301.20.10.00,
21	7301.20.50.00,	7302.10.10.10,	7302.10.10.15,
22	7302.10.10.25,	7302.10.10.35,	7302.10.10.45,
23	7302.10.10.55,	7302.10.50.20,	7302.20.00.00,
24	7302.40.00.00,	7308.10.00.00,	7308.20.00.00,
25	7308.40.00.00,	7308.90.30.00,	7308.90.60.00,

1	7308.90.70.00,	7308.90.95.30,	7308.90.95.90,
2	7312.10.10.30,	7312.10.10.50,	7312.10.10.70,
3	7312.10.30.05,	7312.10.30.10,	7312.10.30.12,
4	7312.10.30.20,	7312.10.30.45,	7312.10.30.65,
5	7312.10.30.70,	7312.10.30.74,	7312.10.30.80,
6	7312.10.80.00,	7312.10.90.30,	7312.10.90.60,
7	7312.10.90.90,	7314.19.00.00,	7317.00.55.04,
8	7317.00.55.06,	7317.00.55.10,	7317.00.55.20,
9	7317.00.55.30,	7317.00.55.40,	7317.00.55.50,
10	7317.00.55.60,	7317.00.55.70,	7317.00.55.80,
11	7317.00.55.90,	7317.00.65.30,	7317.00.65.60,
12	7317.00.75.00, or 8305.20.00.00.		
13	(3) Carbon and alloy pipe and tube products		
14	classifiable under subheading	7304.10.10.20,	
15	7304.10.10.30,	7304.10.10.45,	7304.10.10.60,
16	7304.10.10.80,	7304.10.50.20,	7304.10.50.50,
17	7304.10.50.80,	7304.21.30.00,	7304.21.60.30,
18	7304.21.60.45,	7304.21.60.60,	7304.29.10.10,
19	7304.29.10.20,	7304.29.10.30,	7304.29.10.40,
20	7304.29.10.50,	7304.29.10.60,	7304.29.10.80,
21	7304.29.20.10,	7304.29.20.20,	7304.29.20.30,
22	7304.29.20.40,	7304.29.20.50,	7304.29.20.60,
23	7304.29.20.80,	7304.29.30.10,	7304.29.30.20,
24	7304.29.30.30,	7304.29.30.40,	7304.29.30.50,
25	7304.29.30.60,	7304.29.30.80,	7304.29.40.10,

1	7304.29.40.20,	7304.29.40.30,	7304.29.40.40,
2	7304.29.40.50,	7304.29.40.60,	7304.29.40.80,
3	7304.29.50.15,	7304.29.50.30,	7304.29.50.45,
4	7304.29.50.60,	7304.29.50.75,	7304.29.60.15,
5	7304.29.60.30,	7304.29.60.45,	7304.29.60.60,
6	7304.29.60.75,	7304.31.30.00,	7304.31.60.10,
7	7304.31.60.50,	7304.39.00.02,	7304.39.00.04,
8	7304.39.00.06,	7304.39.00.08,	7304.39.00.16,
9	7304.39.00.20,	7304.39.00.24,	7304.39.00.28,
10	7304.39.00.32,	7304.39.00.36,	7304.39.00.40,
11	7304.39.00.44,	7304.39.00.48,	7304.39.00.52,
12	7304.39.00.56,	7304.39.00.62,	7304.39.00.68,
13	7304.39.00.72,	7304.39.00.76,	7304.39.00.80,
14	7304.51.10.00,	7304.51.50.05,	7304.51.50.15,
15	7304.51.50.45,	7304.51.50.60,	7304.59.10.00,
16	7304.59.20.30,	7304.59.20.40,	7304.59.20.45,
17	7304.59.20.55,	7304.59.20.60,	7304.59.20.70,
18	7304.59.20.80,	7304.59.60.00,	7304.59.80.10,
19	7304.59.80.15,	7304.59.80.20,	7304.59.80.25,
20	7304.59.80.30,	7304.59.80.35,	7304.59.80.40,
21	7304.59.80.45,	7304.59.80.50,	7304.59.80.55,
22	7304.59.80.60,	7304.59.80.65,	7304.59.80.70,
23	7304.59.80.80,	7304.90.10.00,	7304.90.30.00,
24	7304.90.50.00,	7304.90.70.00,	7305.11.10.30,
25	7305.11.10.60,	7305.11.50.00,	7305.12.10.30,

1	7305.12.10.60,	7305.12.50.00,	7305.19.10.30,
2	7305.19.10.60,	7305.19.50.00,	7305.20.20.00,
3	7305.20.40.00,	7305.20.60.00,	7305.20.80.00,
4	7305.31.20.00,	7305.31.40.00,	7305.31.60.00,
5	7305.39.10.00,	7305.39.50.00,	7305.90.10.00,
6	7305.90.50.00,	7306.20.10.30,	7306.20.10.90,
7	7306.20.20.00,	7306.20.30.00,	7306.20.40.00,
8	7306.20.60.10,	7306.20.60.50,	7306.20.80.10,
9	7306.20.80.50,	7306.30.10.00,	7306.30.30.00,
10	7306.30.50.10,	7306.30.50.15,	7306.30.50.20,
11	7306.30.50.25,	7306.30.50.32,	7306.30.50.35,
12	7306.30.50.40,	7306.30.50.55,	7306.30.50.85,
13	7306.30.50.90,	7306.50.10.00,	7306.50.30.00,
14	7306.50.50.10,	7306.50.50.30,	7306.50.50.50,
15	7306.50.50.70,	7306.60.10.00,	7306.60.30.00,
16	7306.60.50.00,	7306.60.70.60,	7306.90.10.00,
17	7306.90.50.00,	7307.91.50.10,	7307.91.50.30,
18	7307.91.50.50,	7307.91.50.70,	7307.92.30.10,
19	7307.92.30.30,	7307.92.90.00,	7307.93.30.00,
20	7307.93.60.00,	7307.93.90.30,	7307.93.90.60,
21	7307.99.50.15,	7307.99.50.45,	7307.99.50.60,
22	8431.43.80.20, or 8431.43.80.40.		
23	(4) Stainless steel and alloy tool steel products		
24	classifiable under subheading	7218.10.00.00,	
25	7218.91.00.15,	7218.91.00.30,	7218.91.00.60,

1	7218.99.00.15,	7218.99.00.30,	7218.99.00.45,
2	7218.99.00.60,	7218.99.00.90,	7219.21.00.05,
3	7219.21.00.20,	7219.21.00.40,	7219.21.00.60,
4	7219.22.00.05,	7219.22.00.15,	7219.22.00.20,
5	7219.22.00.25,	7219.22.00.35,	7219.22.00.40,
6	7219.22.00.45,	7219.22.00.70,	7219.22.00.75,
7	7219.22.00.80,	7219.31.00.50,	7220.11.00.00,
8	7221.00.00.05,	7221.00.00.15,	7221.00.00.30,
9	7221.00.00.45,	7221.00.00.75,	7222.11.00.05,
10	7222.11.00.50,	7222.19.00.05,	7222.19.00.50,
11	7222.20.00.05,	7222.20.00.45,	7222.20.00.75,
12	7222.30.00.00,	7222.40.30.25,	7222.40.30.45,
13	7222.40.30.65,	7222.40.30.85,	7222.40.60.00,
14	7223.00.10.15,	7223.00.10.30,	7223.00.10.45,
15	7223.00.10.60,	7223.00.10.75,	7223.00.50.00,
16	7223.00.90.00,	7224.10.00.45,	7224.90.00.15,
17	7224.90.00.25,	7224.90.00.35,	7225.20.00.00,
18	7225.30.10.00,	7225.30.50.60,	7225.40.10.90,
19	7225.40.50.60,	7225.50.10.60,	7226.20.00.00,
20	7226.91.05.00,	7226.91.15.60,	7226.91.25.60,
21	7226.92.10.60,	7226.92.30.60,	7227.10.00.00,
22	7227.90.10.60,	7227.90.20.60,	7228.10.00.10,
23	7228.10.00.30,	7228.10.00.60,	7228.30.40.00,
24	7228.30.60.00,	7228.50.10.20,	7228.50.10.40,
25	7228.50.10.60,	7228.50.10.80,	7228.60.10.60,

- 1 7229.10.00.00, 7304.41.30.05, 7304.41.30.15,
- 2 7304.41.30.45, 7304.41.60.05, 7304.41.60.15,
- 3 7304.41.60.45, 7304.49.00.05, 7304.49.00.15,
- 4 7304.49.00.45, 7304.49.00.60, 7306.40.10.10,
- 5 7306.40.10.15, 7306.40.10.90, 7306.40.50.05,
- 6 7306.40.50.15, 7306.40.50.40, 7306.40.50.42,
- 7 7306.40.50.44, 7306.40.50.62, 7306.40.50.64,
- 8 7306.40.50.80, 7306.40.50.85, 7306.40.50.90,
- 9 7306.60.70.30, 7307.21.10.00, 7307.21.50.00,
- 10 7307.22.10.00, 7307.22.50.00, 7307.23.00.00,
- 11 7307.29.00.30, 7307.29.00.90, 7312.10.60.30,
- 12 7312.10.60.60, 7314.14.10.00, 7314.14.20.00,
- 13 7314.14.30.00, 7314.14.60.00, or 7314.14.90.00.

14 (b) The investigation shall exclude all steel products
15 identified in Annex II to the letter dated June 22, 2001,
16 from the United States Trade Representative to the Chair-
17 man of the United States International Trade Commission
18 requesting initiation of an investigation under section 202
19 of the Trade Act of 1974.

20 SEC. 3. The investigation shall analyze the effects of
21 imports of certain steel products on the domestic industry
22 or industries producing the following products that are
23 like or directly competitive with the imported articles:

- 24 (1) Carbon and alloy flat products.
- 25 (2) Carbon and alloy long products.

1 (3) Carbon and alloy pipe and tube products.

2 (4) Stainless steel and alloy tool steel products.

3 SEC. 4. In order to avoid hindering the important
4 progress already made in the International Trade Com-
5 mission's ongoing global safeguard investigation of certain
6 steel products, the Commission is instructed to exercise
7 its authority under section 603 of the Trade Act of 1974
8 to consolidate the investigation requested in this resolution
9 with the investigation requested by the United States
10 Trade Representative on June 22, 2001, in a manner that
11 does not alter or delay the investigation schedule estab-
12 lished pursuant to the earlier request.

13 SEC. 5. In light of the potential for surges in imports
14 of steel products not subject to the present investigation,
15 it is the intent of the Committee to monitor closely such
16 imports in order to assess whether a further exercise of
17 the Committee's authority under section 202(b)(1)(A) of
18 the Trade Act of 1974 may be warranted.

19 SEC. 6. The Committee commends the President on,
20 and expresses strong support for, his commitment to un-
21 dertake negotiations aimed at reducing worldwide steel
22 overcapacity, the subsidization of steel by foreign govern-
23 ments, and other market-distorting policies and practices.

Excerpts from the U.S.-Jordan Bilateral Trade Agreement Referenced in Senator Baucus' Statement

ARTICLE 5: ENVIRONMENT

1. The Parties recognize that it is inappropriate to encourage trade by relaxing domestic environmental laws. Accordingly, each Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws as an encouragement for trade with the other Party.

2. Recognizing the right of each Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental laws, each Party shall strive to ensure that its laws provide for high levels of environmental protection and shall strive to continue to improve those laws.

3. (a) A Party shall not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties, after the date of entry into force of this Agreement.

(b) The Parties recognize that each Party retains the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance matters and to make decisions regarding the allocation of resources to enforcement with respect to other environmental matters determined to have higher priorities. Accordingly, the Parties understand that a Party is in compliance with subparagraph (a) where a course of action or inaction reflects a reasonable exercise of such discretion, or results from a *bona fide* decision regarding the allocation of resources.

4. For purposes of this Article, "environmental laws" mean any statutes or regulations of a Party, or provision thereof, the primary purpose of which is the protection of the environment, or the prevention of a danger to human, animal, or plant life or health, through:

(a) the prevention, abatement or control of the release, discharge, or emission of pollutants or environmental contaminants;

(b) the control of environmentally hazardous or toxic chemicals, substances, materials and wastes, and the dissemination of information related thereto; or

(c) the protection or conservation of wild flora or fauna, including endangered species, their habitat, and specially protected natural areas in the Party's territory,

but does not include any statutes or regulations, or provision thereof, directly related to worker safety or health.

ARTICLE 6: LABOR

1. The Parties reaffirm their obligations as members of the International Labor Organization ("ILO") and their commitments under the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. The Parties shall strive to ensure that such labor principles and the internationally recognized labor rights set forth in paragraph 6 are recognized and protected by domestic law.

2. The Parties recognize that it is inappropriate to encourage trade by relaxing domestic labor laws. Accordingly, each Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws as an encouragement for trade with the other Party.

3. Recognizing the right of each Party to establish its own domestic labor standards, and to adopt or modify accordingly its labor laws and regulations, each Party shall strive to ensure that its laws provide for labor standards consistent with the internationally recognized labor rights set forth in paragraph 6 and shall strive to improve those standards in that light.

4. (a) A Party shall not fail to effectively enforce its labor laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties, after the date of entry into force of this Agreement.

(b) The Parties recognize that each Party retains the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance matters and to make decisions regarding the allocation of resources to enforcement with respect to other labor matters determined to have higher priorities. Accordingly, the Parties understand that a Party is in compliance with subparagraph (a) where a course of action or inaction reflects a reasonable exercise of such discretion, or results from a *bona fide* decision regarding the allocation of resources.

5. The Parties recognize that cooperation between them provides enhanced opportunities to improve labor standards. The Joint Committee established under Article 15 shall, during its regular sessions, consider any such opportunity identified by a Party.

6. For purposes of this Article, "labor laws" means statutes and regulations, or provisions thereof, that are directly related to the following internationally recognized labor rights;

(a) the right of association;

(b) the right to organize and bargain collectively;

(c) a prohibition on the use of any form of forced or compulsory labor;

(d) a minimum age for the employment of children; and

(e) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

ARTICLE 16: CONSULTATIONS

1. The Parties shall at all times endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt to arrive at a mutually satisfactory resolution of any matter that might affect its operation.
2. Either Party may request consultations with the other Party with respect to any matter affecting the operation or interpretation of this Agreement. If a Party requests consultations with regard to a matter, the other Party shall afford adequate opportunity for consultations and shall reply promptly to the request for consultations and enter into consultations in good faith.

ARTICLE 17: DISPUTE SETTLEMENT

1. (a) The Parties shall make every attempt to arrive at a mutually agreeable resolution through consultations under Article 17, whenever
 - (i) a dispute arises concerning the interpretation of this Agreement;
 - (ii) a Party considers that the other Party has failed to carry out its obligations under this Agreement; or
 - (iii) a Party considers that measures taken by the other Party severely distort the balance of trade benefits accorded by this Agreement, or substantially undermine fundamental objectives of this Agreement.
- (b) A Party seeking consultations pursuant to subparagraph (a) shall submit a request for consultations to the contact point provided for under Article 15.6. If the Parties fail to resolve a matter described in subparagraph (a) through consultations within 60 days of the submission of such request, either Party may refer the matter to the Joint Committee, which shall be convened and shall endeavor to resolve the dispute.
- (c) If a matter referred to the Joint Committee has not been resolved within a period of 90 days after the dispute was referred to it, or within such other period as the Joint Committee has agreed, either Party may refer the matter to a dispute settlement panel. Unless otherwise agreed by the Parties, the panel shall be composed of three members: each Party shall appoint one member, and the two appointees shall choose a third who will serve as the chairman.
- (d) The panel shall, within 90 days after the third member is appointed, present to the Parties a report containing findings of fact and its determination as to whether either Party has failed to carry out its obligations under the Agreement or whether a

measure taken by either Party severely distorts the balance of trade benefits accorded by this Agreement or substantially undermines the fundamental objectives of this Agreement. Where the panel finds that a Party has failed to carry out its obligations under this Agreement, it may, at the request of the Parties, make recommendations for resolution of the dispute. The report of the panel shall be non-binding.

(e) (i) If the dispute settlement panel under this Agreement or any other applicable international dispute settlement mechanism under an agreement to which both Parties are Party has been invoked by either Party with respect to any matter, the mechanism invoked shall have exclusive jurisdiction over that matter.

(ii) If a mechanism described in subparagraph (e)(i) fails for procedural or jurisdictional reasons to make findings of law or fact, as necessary, on a claim included in a matter with respect to which a Party has invoked such mechanism, subparagraph (e)(i) shall not be construed to prevent the Party from invoking another mechanism with respect to such claim.

2. (a) After a dispute has been referred to a dispute settlement panel under this Agreement and the panel has presented its report, the Joint Committee shall endeavor to resolve the dispute, taking the report into account, as appropriate.

(b) If the Joint Committee does not resolve the dispute within a period of 30 days after the presentation of the panel report, the affected Party shall be entitled to take any appropriate and commensurate measure.

1. The Parties, within 180 days after the entry into force of this Agreement, shall enter into discussions with a view to developing rules for the selection and conduct of members of panels and Model Rules of Procedure for panels. The Joint Committee shall adopt such rules. Unless the Parties otherwise agree, a panel established under this Article shall conduct its proceedings in accordance with the Model Rules of Procedure.

4. (a) A Party may invoke a panel under paragraph 1(c) of this Article for claims arising under Article 3 only to the extent that a claim arises with regard to a commitment that is inscribed in the Party's Services Schedule to Annex 3.1 to this Agreement, but is not inscribed in the Party's schedule of specific commitments annexed to the GATS. Such commitment may include a market access or national treatment commitment in a sector, a horizontal commitment applicable to a sector, or additional commitment.

(b) Except as otherwise agreed by the Parties, a Party may invoke a panel under paragraph 1(c) of this Article for claims arising under Article 4 only to the extent that the same claim would not be subject to resolution through the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

(c) If a dispute involves both a claim described in subparagraph (a) or (b) and another claim, subparagraph 1(e) shall not prevent a Party from invoking another international dispute settlement mechanism with regard to such other claim. Nothing in this subparagraph shall allow a Party to invoke the dispute settlement mechanism of both this Article and another international dispute settlement mechanism with regard to the same claim.

FAST TRACK

Concept Outline

Negotiating Objectives

Objectives should be tailored to particular negotiations, recognizing that different goals may be appropriate in the WTO, bilateral negotiations, and regional negotiations.

1. Tariffs.

- Seek to reduce all tariffs to current U.S. level and then to zero.
- Make a priority of eliminating tariff peaks.
- Seek to eliminate all industrial tariffs within 10 years.
- Make applied rates the starting point for negotiations.

2. Agriculture.

-Continue efforts to limit trade distorting practices, including subsidies to encourage production, import barriers, and the operation of state trading monopolies. Seek the elimination of agricultural export subsidies.

-Encourage continuing multilateral efforts to convert agricultural support to payments contingent on sustainable environmentally friendly agricultural practices.

3. E-Commerce. Preserve a free market for E-Commerce:

- Promote the liberalization of services essential to e-commerce, including telecommunications, computer related services, advertising and business services, distribution services (including the distribution of digitized content), information technology services, and financial services, including internet payments
- Seek the protection of intellectual property both online and offline, including stronger enforcement.
- Seek to eliminate all trade barriers to digitized trade, especially the online delivery of digitized content (including movies, music, software and publications)

4. Large Commercial Aircraft. Continue efforts to curb and, ultimately,

eliminate trade-distorting subsidies, including the terms of credit, and other similar practices.

-Ensure full application of WTO subsidies disciplines to trade in large commercial aircraft.

5. Forest Products.

-Seek the elimination of tariffs and other trade distorting practices on forest products.

-Recognize and support efforts to establish multilaterally accepted principles for sustainable forestry practices.

6. Steel. Aim to negotiate agreements to reduce subsidies, dumping, and other trade distorting practices in the steel industry with the aim of restoring the operation of the market and reducing global overcapacity in production.

7. Services. Strive to achieve a greater degree of market access for U.S. service providers and, ultimately, a more open market for trade in services.

- Pursue a "negative list" approach to opening services markets in bilateral and regional negotiations.

8. Intellectual Property Rights. Continue to pursue efforts to protect intellectual property rights, taking into account the need for special rules that may need to apply to health emergencies.

- Seek commitments to combat piracy.

9. Investment. Consistent with other objectives, continue to pursue efforts to expand opportunities for investment across borders.

10. Currency Manipulation. Consistent with the objectives contained in the 1988 Trade and Competitiveness Act, strive to identify those countries that maintain their currencies at an artificially low level with the aim of increasing exports and improving balance of trade. The Treasury Department will be required to issue an annual report on progress on this front.

11. Fisheries. The United States should seek to lower trade barriers impacting trade in fishery products and should seek to strengthen international disciplines, including under the auspices of the World Trade Organization, to encourage the removal of subsidies and other market-distorting financial incentives that encourage overfishing and other unsustainable fishing practices.

12. Private anticompetitive conduct. The United States should seek to eliminate government toleration of private anticompetitive conduct.

13. Government Procurement. The United States should seek to increase WTO member participation in the Agreement on Government Procurement. In the WTO and in bilateral and plurilateral negotiations, the United States should seek an increase in transparency and due process in government procurement, regardless of whether a given country is a party to the Agreement on Government Procurement.

Primary Directions to Negotiators

Primary Directions should be tailored to particular negotiations, recognizing that different goals may be appropriate in the WTO, bilateral negotiations, and regional negotiations.

1. Labor Rights.

-In all new agreements, the United States shall seek a requirement that countries not derogate from current domestic labor rights laws for purposes of stimulating exports or investment. The United States shall seek to make subject to dispute settlement **sustained** or recurring failures to enforce labor laws in a manner giving a country a trade or investment advantage.

-In all new trade agreements, the United States shall seek affirmation of countries' commitments to adhere to the five core principles of the International Labor Organization (ILO), as they are required to do by virtue of their membership in the ILO.

-For all new negotiations, the United States shall conduct a labor rights review focused on observance of core ILO principles and modeled upon the environmental reviews currently conducted under Executive Order.

-In all negotiations, the United States shall seek provisions allowing countries to restrict imports of products made with forced labor, including exploitative child labor, at their discretion.

-In the WTO, the United States shall seek a general exception to the ordinary rules governing trade in goods, permitting a country to take measures pursuant to a recommendation of the ILO under Article 33 of the ILO Constitution (such as the recent recommendation on Burma).

-The United States should seek to increase cooperation between the ILO and the WTO, as well as other international trade and economic institutions.

-In connection with all new trade agreements, the President must select and transmit to Congress a strategy for implementing/enforcing core labor standards in the countries that are parties to those agreements. Such strategy must apply to obligations contained in the agreements, as well as to labor objectives (such as improved compliance with ILO standards) that may exist outside the agreements. Such strategy must be likely to achieve a high degree of compliance with core labor standards. The Congress believes the following strategies could achieve such a degree of compliance: 1) trade sanctions for non-compliance, 2) fines for non-compliance, and 3) incentives for enhanced compliance.

2. Environmental Protection.

-The provisions of all new trade agreements should be consistent with environmental protection goals, including but not limited to sustainable development, protection of endangered species, and reduction of air and water pollution, and preserve the integrity of legitimate national laws aimed at achieving those goals.

- In all new agreements, the United States shall seek a requirement that countries not derogate from current domestic environmental protection laws for purposes of stimulating exports or investment. The United States shall seek to make subject to dispute settlement sustained or recurring failures to enforce environmental protection laws in a manner giving a country a trade or investment advantage.

-The environmental reviews currently conducted for new trade agreements under Executive Order shall be included as a statutory requirement in new fast track legislation.

-Actions taken in conformity with core multilateral environmental agreements (MEAs) should be "safe harbored" from challenge in the WTO or in dispute settlement fora created in other trade agreements, provided that there is an impartial mechanism for determining whether such actions are consistent with the MEAs. The determination whether particular MEAs have "core" status should be made in consultation with UNEP.

-Investor-to-State Disputes.

- (1) Countries should be required to compensate investors for direct expropriations but not for indirect expropriations or measures tantamount to expropriation. U.S. negotiators shall seek to establish a definition of "expropriation" that is consistent with U.S. law "takings" principles.
- (2) U.S. negotiators shall seek to ensure that legitimate environmental, health and safety regulations are not considered "unfair" or "inequitable" treatment as those terms are used in investment agreements.
- (3) Trade measures (such as import restrictions) that may appropriately be addressed in state-to-state dispute settlement should not be handled as investor-to-state disputes. To ensure that conventional trade disputes are not converted into investor-state disputes, an investor should be required to seek home-government espousal of its claim before proceeding to dispute settlement with the host government. If the home government declines to espouse the claim within a short period of time, the investor should be entitled to proceed to dispute settlement with the host government. The home government should provide opportunity for public comment before deciding whether to espouse a claim.

- (4) Given the public policy importance of investor-to-state disputes, the procedures governing such disputes should provide for prompt public access to briefs and other filings (excluding proprietary information). To the extent practicable, hearings should be open to the public.
- (5) The United States should give the public a meaningful opportunity to comment before taking a position in matters where it is either a disputing party or a third-party intervenor.

-Precautionary Principle. All trade agreements should recognize the obligation and right of national governments to provide a high standard of protection to their citizens through appropriate health and safety standards. In trade agreements, negotiators should endeavor to distinguish legitimate health and safety provisions from protectionist measures disguised as health and safety provisions. Factors to be considered in making that distinction should include (but not be limited to) available scientific and technical information, related processing technology, and intended end-uses of products.

-In connection with all new trade agreements, the President must select and transmit to Congress a strategy for implementing/enforcing environmental standards in the countries that are parties to those agreements. Such strategy must apply to obligations contained in the agreements, as well as to environmental objectives (such as improved compliance with core MEAs) that may exist outside the agreements. Such strategy must be likely to achieve a high degree of compliance with core environmental standards. The Congress believes the following strategies could achieve such a degree of compliance: 1) trade sanctions for non-compliance, 2) fines for non-compliance, and 3) incentives for enhanced compliance.

3. Transparency. In all trade agreements, the United States should seek dispute settlement provisions with a high degree of transparency in all stages of the process. This should include public access to dispute settlement proceedings before arbitral panels, an opportunity for input from outside groups, and full access (excluding proprietary information) to documents filed in arbitration and similar proceedings. The U.S. Trade Representative should strive to release negotiating documents on a timely basis.

4. Trade Laws. The United States should not enter into any trade agreement that undermines or weakens U.S. trade laws, particularly Section 201, antidumping law, countervailing duty law, or Section 301. Undermining or weakening includes entering into dispute settlement arrangements similar to those contained in Chapter 19 of the NAFTA.

Fast Track Procedures

1. Fast Track Grant. Fast track will be granted for two years with the possibility of extension for an additional three years.

-Extension Request. To gain an extension, the President must submit a report to Congress detailing his efforts and progress made toward each of the primary directions to negotiators and each of the negotiating objectives. Upon receiving such a request, the Majority and Minority leaders of both chambers shall introduce (by request) an extension resolution that will be referred to the Senate Finance Committee and the House Ways and Means Committee. The two Houses together will have a total of 90 session days to consider and cast a final vote on this resolution. Fast track is extended if both houses pass the extension resolution.

-In all negotiations conducted under fast track procedures the President is mandated to keep Congress informed of progress toward negotiating objectives and developments related to negotiating directives.

2. Reverse Fast Track. Any member can introduce a resolution to withdraw fast track either in total or with regard to a particular negotiation. The appropriate grounds for such a resolution is that the President is not fulfilling the directions to negotiators or the negotiating objectives. This resolution must be referred to the Finance Committee in the Senate and the Ways and Means Committee and Rules Committee in the House. If the Finance Committee reports such a resolution favorably, it must be considered by the Senate within 45 days. If both the Ways and Means and Rules Committees report such a resolution favorably, it must be considered by the House within 45 days. If both Houses of Congress separately agree to a reverse fast track resolution, then fast track procedures are terminated, either in total or with respect to specific negotiations, depending upon the subject of the resolution.

3. Committee Approval of Negotiations. Authority to negotiate a new round of WTO agreements, as well as a Free Trade Agreement of the Americas, under fast track procedures should be approved in the fast track bill. Authority to negotiate all other bilateral and plurilateral arrangements under fast track procedures must be separately requested from the Senate Finance Committee and House Ways and Means Committee by the President. For fast track procedures to apply to such agreements, both the Senate Finance Committee and the House Ways and Means Committee must approve such a request within 45 days.

4. Congressional Trade Advisors. In consultation with the Chairman and Ranking Member of the Senate Finance and House Ways and Means Committees, the Majority and Minority Leaders of each Chamber shall appoint Congressional Trade Advisors.

-The Chairman and Ranking Member of the Senate Finance and House Ways and Means shall be permanent Congressional Trade Advisors.

-In addition, the Majority Leader may appoint up to 7 additional Congressional Trade Advisors, and the Minority Leader may appoint up to 6 additional members. At least half of the appointments from the Senate must be drawn from the Finance Committee, and at least half of the appointments from the House must be drawn from the Ways and Means Committee.

-The Chairmanship of the Congressional Trade Advisors shall rotate on an annual basis between the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee.

-Resources. The Congressional Trade Advisors will be provided sufficient resources to fulfill their function.

-Congressional Trade Office. This office will be created to provide nonpartisan trade expertise to the Congressional Trade Advisors, Senate Finance Committee, and House Ways and Means Committee, as well as to other committees dealing with trade-related issues. The Director will be selected by the Chair and ranking members of Finance and Ways and Means, and the Director will name the professional staff. CTO staff will be allowed to attend and observe trade negotiating sessions and strategy sessions of the US negotiating team, as well as dispute resolution negotiations at the WTO, NAFTA, and other fora.

-Powers of the Congressional Trade Advisors.

-At their discretion, Congressional Trade Advisors or their designee will be allowed to attend and observe all negotiating sessions and planning sessions of the U.S. negotiating team.

-Advisory Reports. All international trade advisory reports – including from the ACTPN, the ISACs, and the “second tier” advisory committees – shall be submitted to the Congressional Trade Advisors as well as to the President and his designees.

5. Qualifications for Fast Track. In order for implementing legislation to qualify for fast track consideration:

(a) the President must certify that

(i) each of the directions to negotiators has been substantially satisfied, and

(ii) the negotiating objectives have been substantially satisfied,

and

(b) two-thirds of the Congressional Trade Advisors from each chamber must concur with each aspect of the President's certification.

-Implementing legislation and statement of administrative action will be drafted by the Committees of jurisdiction, in collaboration with the Administration, as has been the practice with the NAFTA implementing legislation and the URAA.

6. Debate Limits. In the Senate, a bill submitted under fast track shall not be subject to amendment. Normal time limits and cloture rules shall be applied to the bill.

Supplementary Provisions

1. ILAB Funding. The International Labor Affairs Bureau in the Department of Labor, which coordinates U.S. efforts in conjunction with the ILO, should be funded at a level of not less than \$140 million per year.

2. Enhanced weight to ILO findings. Findings and conclusions of the International Labor Organization should be given special weight in decisions including (a) a country's continued receipt of GSP and related benefits; (b) whether to accelerate the phase-in of free trade agreement benefits; (c) whether to accelerate quota increases in textile agreements; and (d) a country's participation in financial credit and guarantee programs. Where the ILO makes adverse findings or conclusions and the Administration decides, nevertheless, to continue or extend benefits, the Administration should be required to explain its determination in light of the ILO's findings or conclusions.

3. Burma sanctions. Pursuant to the November 2000 resolution of the ILO, the United States should ban the importation of products from Burma.

4. Environmental Initiatives. Efforts should be made to enhance the priority given environmental objectives in all international bodies. This should include expanded efforts in conjunction with the U.N. Environmental Program, the Convention on International Trade in Endangered Species, and other international environmental efforts.